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Paul T. Diskin
Manager
Rates & Regulation

December 2, 2004

Henry M. Walker, Esq.
414 Union Street, Suite 1600
Nashville, TN 37219

**RE: Interrogatories and Requests for Production of Documents by the
Chattanooga Manufacturers Association (First Set) To Tennessee-
American Water Company
Rate Case No. 04-00288**

Dear Mr. Walker:

Enclosed are of the above Interrogatories Tennessee American's petition to increase rates which was filed on September 10, 2004. Feel free to call me if you have questions

Sincerely,

Paul T. Diskin

A handwritten signature in cursive script, appearing to read "Paul T. Diskin".

Enclosures

Cc

M Miller w/enclosures
S Dillon w/enclosures
T Phillips w/enclosures
D Grimes w/enclosures
R Nelson w/enclosures

Pennsylvania American Water

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**Interrogatories and Requests for Production
Of Documents by the
Chattanooga Manufacturers Association (First Set)
To Tennessee-American Water Company
Rate Case No. 04-00288**

- 1 Q At page 10 of Mr. Miller's testimony, he states that the Company has transferred to its utility plant a customer information system (ORCOM). He states that this customer information system was not included in the utility plant in the 2003 rate case. In respect to this ORCOM plant investment, please answer the following.
- a. Please explain the function of the ORCOM and explain why the Company is not using American Service Company for this information system
 - b. Please breakdown and itemize the \$550 million rate base increase as estimated by Mr. Miller, and breakdown and itemize the \$496,000 revenue requirement for this investment.

RESPONSE:

1. a. ORCOM is the customer accounting software that maintains all of the customer records for billing, customer contact, and collections. The software is utilized by all regulated American Water subsidiaries to perform the customer accounting functions. TAWC capitalized its pro-rata share of the system wide cost
- 1 b. The testimony of Mr. Miller indicates an increase in rate base of approximately \$550,000 not \$550 million as indicated in the question above. The following table indicates the determination of the rate increase attributable to the increase in rate base

Increase in Rate Base	\$550,000
Overall ROR	<u>7.73%</u>
Pre-tax rate increase	<u>42,515</u>
Income Tax Gross-up factor	<u>1.4</u>
Revenue Requirement	59,521
Increase in Depreciation Expense	<u>436,263</u>
Rate Increase for Rate Base & Related	\$495,784

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2. Q. Referring again to page 10 of Mr Miller's testimony, he states that the Company's operation and maintenance expense increased by approximately \$580,000 due to increased pension expense and production expense Please provide a complete breakout of pension and production expense

RESPONSE:

- A The Company has provided in its filing and working papers detail of the requested expenses making up its O&M Expense request. For detail on pension expense please see response and attachments to question 3 of the CMA data request.

	<u>2003 rate case</u>	<u>2004 rate case</u>	<u>Difference</u>
Fuel & Power	1,551,622	1,755,680	204,058
Chemicals	740,531	861,861	121,330
Waste Disposal	130,151	133,438	3,287
Pensions (net of captz)	<u>387,895</u>	<u>892,790</u>	<u>504,895</u>
Total	2,810,199	3,643,769	833,570

The increase described above is partially offset by lower labor cost (net of increased management fees), lower group insurance, insurance other, general office and miscellaneous expenses

**Interrogatories and Requests for Production
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3. Q. With respect to the claimed increase in pension expense, please provide the following:
- a. A copy of the actuarial study deriving the pension expense estimate
 - b. Please estimate the Company's FAS 87 pension expense in the last year and subsequent five years as well as the minimum ERISA cash contributions made to pension expense in those same years.
 - c. Identify the economic parameters in the actuarial study including return on trust fund assets, discount rate, labor escalation rate, and number of employees. For each of these factors, please explain how the Company or its actuary determined the appropriate economic factors to use in the actuary study.

RESPONSE:

- a. The latest pension actuarial analysis was completed in November 2003. The 2003 actuarial study is attached to this response titled "Question 3 – Attachment 1 PDF". The 2004 pension plan actuarial study will not be completed until late December or January, 2005. The Company will supply the 2004 actuarial analysis as soon as it is available. In May 2004 the Company's actuary, Towers Perrin, supplied an updated estimate for both FAS 87 and ERISA pension expense for 2005-2009. The Company used those updated numbers for 2005 as the basis for its requested pension expense for the attrition year in its filing.
- b. Please see the attachments to this response titled "Question 3 – Attachment 2 & 3. PDF" that indicates the pension expense for TAWC under both FAS 87 and ERISA for 2004-2009. The TAWC contribution to the pension plan will equal the ERISA amount.
- c. For FAS 87 forecasts Towers Perrin indicated the following assumptions:
 - 1. Discount Rate – 6.25%
 - 2. Expected Return on Assets – 8.75% per year
 - 3. Actual Return on Assets – Actual asset values as of December 31, 2003; then assumed to earn 8.75% per annum

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4. Mortality – 1983 GAM in 2004-2005, 1994 GAM thereafter
5. Salary Increase Rate – 4.75% per year

Also see pages 5 & 6 of attachment 1 for further explanation of economic assumptions.

For ERISA forecasts Towers Perrin indicated the following assumptions.

- 1 Interest Rate – 9.0%
- 2 Current Liability Interest Rate –
2004 – 6.25%
2005 – 5.8%
2006 – 5.04%
2007 – 5.00%
2008 – 4.98%
- 3 Mortality Rate – 1983 GAM for plan years beginning before July 1, 2005, 1994 GAM thereafter.
4. Salary Increase Rate – 4.75% per year.

American Water Works Company, Inc.
Pension Plan

Actuarial Valuation Report

Pension Cost for Fiscal Year Ending December 31, 2003

Employer Contributions for Plan Year Beginning July 1, 2002

November 2003

Towers Perrin

Table of Contents

Management Summary of Valuation Results *MS*

Supplemental Information *SI*

Management Summary of Valuation Results

Financial Results.....MS-1

Highlights.....MS-2

FAS 87 Pension Cost and Funded Position.....MS-5

Employer Contributions and ERISA Funded PositionMS-8

Actuarial Certification.....MS-10

MS-1

Financial Results

This report summarizes financial results for the American Water Works Company, Inc. Pension Plan based on actuarial valuations as of January 1, 2003 and January 1, 2002 for determination of pension cost and valuations as of July 1, 2002 and July 1, 2001 for determination of contributions.

	January 1, 2003	January 1, 2002
FAS 87 Pension Cost		
Amount	\$ 32,628,436	\$ 17,369,508
FAS 87 Funded Position		
Accumulated benefit obligation [ABO]	\$ 333,173,499	\$ 270,079,382
Fair value of assets [FV]	270,546,409	286,100,020
ABO funded percentage [FV ÷ ABO]	81.2%	105.9%
Prepaid (accrued) pension cost	\$ (49,786,046)	\$ (39,395,285)
	July 1, 2002	July 1, 2001
Employer Contributions		
Minimum required	\$ 12,432,374	\$ 0
Maximum deductible	\$ 12,432,374	\$ 0
ERISA Funded Position		
Actuarial accrued liability [AAL]	\$ 288,890,229*	\$ 265,802,556
Actuarial value of assets [AV]	315,635,049*	319,920,187
AAL funded percentage [AV ÷ AAL]	109.3%	120.4%
Current liability funded percentage	107.0%	104.9%

* Values are as of July 1, 2002 and therefore do not reflect the merger of the Northwest Indiana plan effective January 1, 2003

MS-2

Highlights

Economic Assumptions

The discount rate for pension cost purposes is a rate at which pension obligations can be settled. This rate is based on high-quality corporate bond yields. The following bond yields were considered in the selection of the economic assumptions:

	December 31, 2002	December 31, 2001
30-year Treasury	4.76%	5.48%
Moody's Aaa	6.09%	6.61%
Moody's Aa	6.52%	7.08%

The assumed rate of return on assets for pension cost purposes is the weighted average of expected long-term asset return assumptions. The salary increase rate is a long-term rate based on current expectations of future pay increases. The assumptions for pension cost purposes are:

	December 31, 2002	December 31, 2001
Discount rate	6.75%	7.25%
Rate of return on assets	8.75%	9.00%
Salary increase rate	Age-graded scale averaging 4.75%	Age-graded scale averaging 4.75%

Assumptions used to determine statutory contribution limits must be reasonable taking into account the experience of the plan and reasonable expectations. The discount rate used to determine the normal cost and actuarial accrued liability is based on the long-term expected return on assets. The current liability interest rate must be within the permissible range as issued by the IRS. The Job Creation and Worker Assistance Act of 2002 increased the high end of the permissible range of the current liability interest rate for the 2002 and 2003 plan years, from 105% to 120% of the four-year weighted average of 30-year U.S. Treasury bond yields. That range and assumptions for contribution purposes are:

	July 1, 2002	July 1, 2001
Discount rate for normal cost and actuarial accrued liability	9.00%	9.00%
Current liability interest rate		
▶ Permissible range	5.10% to 6.80%	5.22% to 6.09%
▶ Selected rate	6.80%	6.09%
Salary increase rate	Age-graded scale averaging 5.00%	Age-graded scale averaging 5.00%

MS-3

Demographic Assumptions

The cost of providing plan benefits depends on demographic factors such as retirement, mortality, and turnover. Demographic assumptions used in the valuation were selected to reflect the experience of the covered population and reasonable expectations. If actual experience is more favorable than assumed, future plan costs will be lower. Alternatively, if actual experience is less favorable than assumed, future plan costs will be higher. The demographic assumptions have not changed since the prior valuation.

American Water Works Company, Inc. had 4,176 active participants covered under this pension plan as of July 1, 2002 versus 3,916 for the prior year. Covered payroll increased 13% from the prior year.

The average compensation increase for the participants who remained active since July 1, 2002 was about 4.2%.

Assets

In fiscal 2002, the fund recorded a (7.6)% investment return (net of expenses), while the capital markets performed as follows:

Large equities [S&P 500]	(22.10)%
Intermediate/small equities [Russell 2500]	(17.80)%
Non-U.S. equities [EAFE]	(15.66)%
Bonds [Lehman Brothers Aggregate]	10.25%
Cash equivalents [Salomon Brothers 90-Day T-Bill]	1.70%

MS-4

Plan Changes

The Economic Growth and Tax Relief Reconciliation Act of 2001 became effective for plan years beginning 2002. Changes include increases in the statutory limits on plan earnings and maximum benefits payable from qualified plans. These changes were reflected in the pension cost for 2002 and in the valuation as of July 1, 2002 for contribution purposes.

Special Events

American divested its New England operations in a sale to Aquarion that closed on April 25, 2002. The effect of that divestiture was recognized pro rata in the pension cost for 2002. It was reflected in the valuation as of July 1, 2002 for contributions.

American acquired certain operations of Citizens as of January 15, 2002. Active employees joined the American pension plan as of the closing date of the purchase. No assets or liabilities were transferred from Citizens. This acquisition was reflected in the valuation as of January 1, 2002 for pension cost. It was reflected in the valuation as of July 1, 2002 for contributions.

Effective January 1, 2003 the assets and liabilities associated with the Northwest Indiana Water Company Retirement Plan were transferred into the American pension plan. Future benefit accruals for these participants were changed to reflect the American plan provisions. This merger was first reflected in the July 1, 2002 valuation for contributions on a pro rata basis and the January 1, 2003 valuation for pension cost.

MS-5

FAS 87 Pension Cost and Funded Position

Pension cost is the amount recognized in American Water's financial statement as the cost of the pension plan and is determined in accordance with Financial Accounting Standard No. 87. The fiscal 2003 pension cost for the plan is \$32,628,436, or 15.2% of covered pay.

Under FAS 87, an important measure of funded position is a comparison of the fair value of assets (FV) to the accumulated benefit obligation (ABO). The ABO is the present value of accumulated benefits based on service and pay as of the measurement date. AW's balance sheet must reflect a minimum liability equal to the unfunded ABO for the pension plan with a funded percentage (fair value of assets divided by ABO) under 100%. To the extent that the minimum liability exceeds the accrued pension cost, an additional liability is recorded together with an offsetting intangible asset and/or a reduction in shareholders' equity (accumulated other comprehensive income).

The January 1, 2003 valuation results shown on the 2002 year-end disclosure indicate an additional minimum liability of \$12,841,044 and a reduction in shareholders' equity of \$10,383,647.

The plan's ABO funded percentage is 81.2% as of January 1, 2003, based on the fair value of assets of \$270,546,409 and an ABO of \$333,173,499.

Change in Pension Cost and Funded Position

The pension cost increased from \$17,370,000 in fiscal 2002 to \$32,628,000 in fiscal 2003 because:

- ▶ Expected changes, based on the prior year's assumptions and methods, expiration of the transition asset and expiration of amortization periods for plan changes, the prior year's plan provisions, partially offset by the divestiture of New England Operations, increased the pension cost \$1,748,000.
- ▶ Noninvestment experience increased the pension cost \$1,013,000.
- ▶ The return on the fair value of plan assets was (7.6)% in fiscal 2002. This increased the pension cost \$7,368,000.
- ▶ The change in discount rate increased the pension cost \$4,314,000.
- ▶ The change in the expected return in assets rate increased the pension cost \$683,000.
- ▶ The merger of Northwest Indiana Water Company increased pension cost \$132,000.

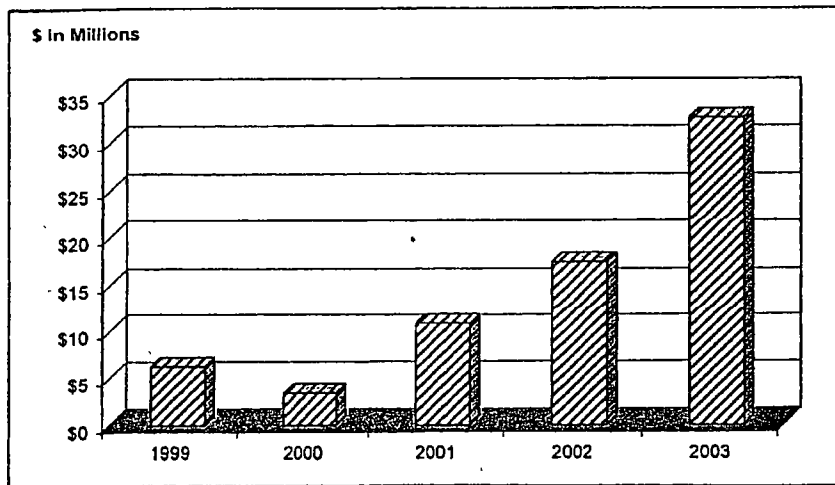
The ABO funded percentage decreased from 105.9% to 81.2% primarily because of the lower than expected return on fair value of assets and the effect of the lower discount rate.

MS-6

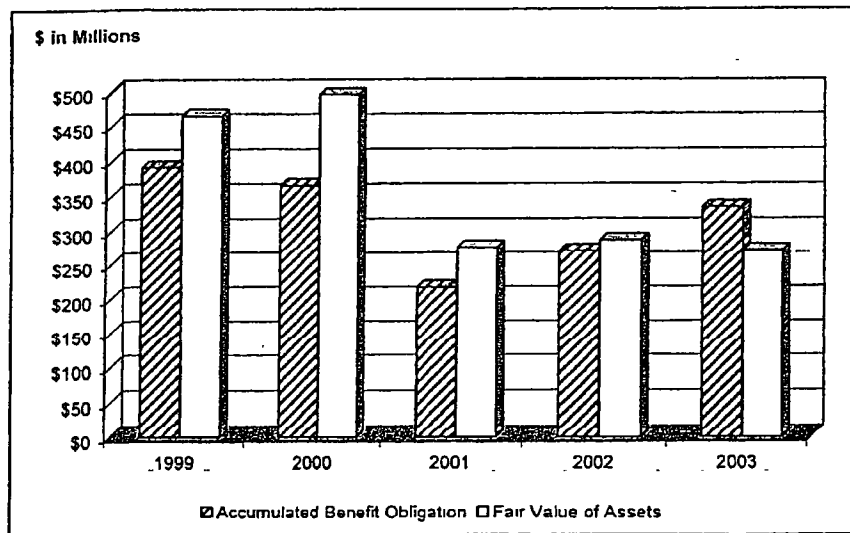
History of Pension Cost and Funded Position

The following charts show the history of the plan's pension cost and ABO funded position:

History of Pension Cost



History of the Accumulated Benefit Obligation and Fair Value of Assets



MS-7.

History of Pension Cost and ABO Funded Status

<i>Fiscal Year</i>	<i>Pension cost</i>	<i>Accumulated benefit obligation</i>	<i>Fair value of assets</i>	<i>Discount rate</i>
2003 ⁽¹⁾	\$ 32,628,436	\$ 333,173,499	\$ 270,546,409	6.75%
2002	17,369,508 ⁽²⁾	270,079,382 ⁽³⁾	286,100,020 ⁽³⁾	7.25
2001	10,763,520	216,855,338 ⁽⁴⁾	275,711,520 ⁽⁴⁾	7.50
2000	3,421,166 ⁽⁴⁾	364,880,330	495,480,432	8.00
1999	6,205,643	390,659,797	464,849,794	6.75

- (1) Reflects the Northwest Indiana Water Company pension plan merger and full effect of the divestiture of the New England Operations.
- (2) Reflects the NEI transfers, the Citizens acquisition and the divestiture of New England Operations on a pro rata basis.
- (3) Reflects the NEI transfers.
- (4) Reflects the settlement with First Allmenca Financial Services as of August 25, 2000.

MS-8

Employer Contributions and ERISA Funded Position

American Water's funding policy is to contribute an amount equal to the minimum required contribution under ERISA. American Water may increase its contribution above the minimum if appropriate to its tax and cash position and the plan's funded position. For 2002, the minimum required contribution is \$12,432,374. The maximum deductible contribution under the Internal Revenue Code is \$12,432,374.

The funded position, on a contribution basis, is measured by comparing the actuarial value of assets with the actuarial accrued liability (AAL). The actuarial value of assets is a smoothed value that recognizes investment gains and losses over time. The AAL is the funding target, under ERISA, on which the employer contribution limits are based. As the funded percentage for a plan approaches or exceeds 100%, contributions to the plan may be restricted.

The plan's funded percentage (actuarial value of assets divided by AAL) is 109.3% as of July 1, 2002. This percentage is based on an actuarial value of assets of \$315,635,049 and an AAL of \$288,890,229.

Change in Contribution Requirements and Funded Position

The minimum required contribution increased from \$0 in 2001 to \$12,432,374 in 2002 due to lower than expected asset returns. The decline in assets over the past few years resulted in an unfunded position for the plan on a market value basis. The plan no longer is considered fully funded and contributions are once again required.

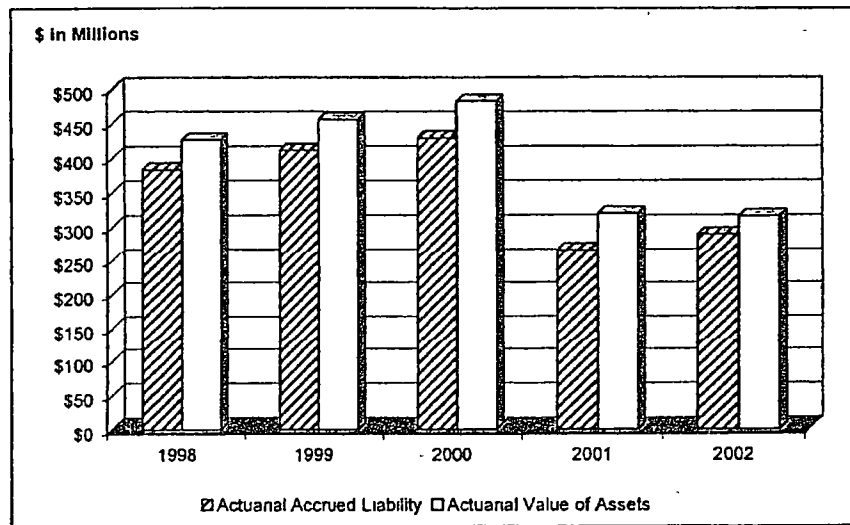
The AAL funded percentage decreased from 120.4% at July 1, 2001 to 109.3% at July 1, 2002 on an actuarial asset value basis while the funded percentage on a market value basis decreased from 110.0% to 91.0% over the same period.

MS-9

History of ERISA Funded Position

The following chart shows the history of the actuarial accrued liability and the actuarial value of assets.

History of Actuarial Accrued Liability and Actuarial Value of Assets



History of ERISA Funded Position

Year	Actuarial accrued liability	Actuarial value of assets	AAL funded percentage	Discount rate
2002	\$ 288,890,229	\$ 315,635,049	109.3%	9.00%
2001	265,802,556*	319,920,187*	120.4	9.00
2000	420,625,142	482,781,216	112.4	8.50
1999	411,188,634	456,068,456	110.9	8.50
1998	383,451,870	426,606,560	111.3	8.50

* Reflects the First Allmerica annuity purchase and the transfers from former NEI plans. Also reflects the changes in the actuarial cost method and the asset smoothing method.

Quarterly contributions for the 2003 plan year are not required based on this year's valuation results since the current liability funded status exceeds 100%.

MS-10

Actuarial Certification

American Water Works Company, Inc. retained Towers Perrin to perform a valuation of its pension plan for the purpose of determining (1) its pension cost in accordance with FAS 87 and (2) the minimum required and maximum tax-deductible contributions in accordance with ERISA and allowed by the Internal Revenue Code. This valuation has been conducted in accordance with generally accepted actuarial principles and practices.

The consulting actuaries are members of the Society of Actuaries and other professional actuarial organizations and meet their "General Qualification Standard for Prescribed Statements of Actuarial Opinions" relating to pension plans.

In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. While the scope of our engagement did not call for us to perform an audit or independent verification of this information, we have reviewed this information for reasonableness but have not audited it. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

The actuarial assumptions and the accounting policies and methods employed in the development of the pension cost have been selected by the plan sponsor, with the concurrence of Towers Perrin. FAS 87 requires that each significant assumption "individually represent the best estimate of a particular future event."

The actuarial assumptions and methods employed in the development of the contribution limits have been selected by Towers Perrin, with the concurrence of the plan sponsor. The Internal Revenue Code requires the use of assumptions "each of which is reasonable (taking into account the experience of the plan and reasonable expectations)" and "which, in combination, offer the actuary's best estimate of anticipated experience under the plan."

The results shown in this report are reasonable actuarial results. However, a different set of results could also be considered reasonable actuarial results, since the Actuarial Standards of Practice describe a "best-estimate range" for each assumption, rather than a single best-estimate value. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

The information contained in this report was prepared for the internal use of American Water Works Company, Inc. and its auditors in connection with our actuarial valuation of the pension plan. It is not intended nor necessarily suitable for other purposes. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Towers Perrin's prior written consent.



William J. Williamson, FSA, MAAA, EA



Cynthia C. King, FSA, MAAA, EA

Towers Perrin

November 2003

Supplemental Information

<i>Asset Values.....</i>	<i>SI-1</i>
<i>Basic Results for Pension Cost.....</i>	<i>SI-2</i>
<i>Pension Cost.....</i>	<i>SI-4</i>
<i>Present Value of Accumulated Plan Benefits for FAS 35.....</i>	<i>SI-5</i>
<i>Basic Results for Employer Contributions.....</i>	<i>SI-6</i>
<i>Minimum Required Employer Contribution.....</i>	<i>SI-7</i>
<i>Maximum Deductible Employer Contribution.....</i>	<i>SI-8</i>
<i>Actuarial Assumptions and Methods.....</i>	<i>SI-9</i>
<i>Participant Data.....</i>	<i>SI-13</i>
<i>Plan Provisions.....</i>	<i>SI-16</i>

SI-1

Asset Values

Asset Values for Calculating Pension Cost

Fair value, excluding contributions receivable:

▶ As of January 1, 2002	\$ 286,100,020
▶ Contributions	6,150,000
▶ Aquarion spin-off	(10,340,644)
▶ Northwest Indiana transfer receivable as of December 31, 2002	14,476,701
▶ Disbursements	(4,591,784)
▶ Investment return	<u>(21,247,884)</u>
▶ As of January 1, 2003	\$ 270,546,409
▶ Rate of return	(7.6)%

Market-related value:

▶ As of January 1, 2002	\$ 286,100,020
▶ As of January 1, 2003	270,546,409
▶ Rate of return	(7.6)%

Asset Values for Calculating Employer Contributions

Market value, including contributions receivable

▶ As of July 1, 2001	\$ 292,277,678
▶ Contributions	0
▶ Aquarion spin-off	(10,114,042)
▶ Disbursements	(4,503,012)
▶ Investment return	<u>(14,631,416)</u>
▶ As of July 1, 2002	\$ 263,029,208
▶ Rate of return	(5.1)%

Actuarial value.

▶ As of July 1, 2001	\$ 319,920,187
▶ As of July 1, 2002	315,635,049
▶ Rate of return	3.3%
▶ Rate of return (assuming mid-year cash flow) for Schedule B of Form 5500	3.3%

Towers Perrin

American Water Works, November 2003

SI-2

Basic Results for Pension Cost

	January 1, 2003	January 1, 2002
Service Cost	\$ 18,984,540	\$ 15,862,597
Obligations		
Accumulated benefit obligation [ABO].		
▶ Participants currently receiving benefits	\$ 60,165,886	\$ 26,819,618
▶ Deferred inactive participants	30,874,746	24,794,790
▶ Active participants	<u>242,132,867</u>	<u>218,464,974</u>
Total ABO	\$ 333,173,499	\$ 270,079,382
Obligation due to future salary increases	<u>117,915,600</u>	<u>99,667,344</u>
Projected benefit obligation [PBO]	\$ 451,089,099	\$ 369,746,726
Assets		
Fair value [FV]	\$ 270,546,409	\$ 286,100,020
Unrecognized investment losses (gains)	<u>0</u>	<u>0</u>
Market-related value	\$ 270,546,409	\$ 286,100,020
Funded Position		
Unfunded PBO	\$ 180,542,690	\$ 83,646,706
Minimum liability [ABO – FV, minimum zero]	62,627,090	0
Key Economic Assumptions		
Discount rate	6.75%	7.25%
Rate of return on assets	8.75%	9.00%
Salary increase rate	Age-graded scale averaging 4.75%	Age-graded scale averaging 4.75%

SI-3

Fiscal 2002

**Development of Prepaid (Accrued)
Pension Cost as of December 31,
2002**

Prepaid (accrued) pension cost, as of December 31, 2001	\$ (39,395,285)
Change during fiscal 2002:	
▶ Income (cost) recognized	(17,369,508)
▶ Employer contributions	6,150,000
▶ Effect of curtailments, settlements, and termination benefits	0
▶ Divestiture of New England Operations	1,923,795
▶ Merger of Northwest Indiana Water Company	(1,095,048)
Prepaid (accrued) pension cost, as of December 31, 2002	\$ (49,786,046)

January 1, 2003

January 1, 2002

Reconciliation of Funded Status

Funded status [FV - PBO]	\$ (180,542,690)	\$ (83,646,706)
Unrecognized net actuarial loss (gain)	128,304,100	42,921,392
Unrecognized prior service cost (credit)	2,457,397	2,697,643
Unrecognized transition obligation (asset)	(4,853)	(1,367,614)
Prepaid (accrued) pension cost	\$ (49,786,046)	\$ (39,395,285)

Balance Sheet Effects

Prepaid pension cost	\$ 0	\$ 0
Accrued pension cost	(49,786,046)	(39,395,285)
Additional minimum liability	(12,841,044)	0
Intangible asset	2,457,397	0
Accumulated other comprehensive income	10,383,647	0
Balance sheet effect	\$ (49,786,046)	\$ (39,395,285)

The accumulated other comprehensive income has not been tax effected. Any tax effect should be separately recognized

Towers Perrin

American Water Works, November 2003

SI-4

Pension Cost

	Fiscal 2003	Fiscal 2002
Pension Cost		
Service cost	\$ 18,984,540	\$ 15,862,597
Interest cost	31,505,447	27,191,066
Expected return on assets	(23,924,127)	(25,042,045)
Amortization:		
▶ Transition obligation (asset)	(4,853)	(1,362,761)
▶ Prior service cost (credit)	318,729	306,101
▶ Net loss (gain)	<u>5,748,700</u>	<u>414,550</u>
Pension cost	\$ 32,628,436	\$ 17,369,508
Percent of covered pay	15.2%	8.8%
Per active participant	\$ 7,813	\$ 4,176

Change in Pension Cost

Pension cost for fiscal 2002	\$ 17,370,000
Change from fiscal 2002 to fiscal 2003:	
▶ Expected based on prior valuation including full reflection of the New England Operations divestiture	1,748,000
▶ Loss (gain) from noninvestment experience	1,013,000
▶ Loss (gain) from asset experience	7,368,000
▶ Change in discount rate	4,314,000
▶ Change in expected return on assets rate	683,000
▶ Plan amendments	0
▶ Merger of Northwest Indiana Water Company	<u>132,000</u>
Pension cost for fiscal 2003	\$ 32,628,000

SI-5

Present Value of Accumulated Plan Benefits for FAS 35

	July 1, 2002	July 1, 2001
Actuarial Present Value of Accumulated Plan Benefits		
Vested benefits:		
▶ Participants currently receiving benefits	\$ 40,361,788	\$ 22,977,204
▶ Other participants	<u>166,395,868</u>	<u>164,659,960</u>
▶ Total vested benefits	\$ 206,757,656	\$ 187,637,164
Nonvested benefits	<u>8,467,079</u>	<u>8,236,408</u>
Total accumulated benefits	\$ 215,224,735	\$ 195,873,572
Market value of assets	263,029,208	292,277,678

Key Assumptions

Interest rate	9.00%	9.00%
Average retirement age	62	62
Mortality	1983 GAM Table (sex distinct rates)	1983 GAM Table (sex distinct rates)

Change in Actuarial Present Value of Accumulated Plan Benefits

Actuarial present value of accumulated plan benefits as of July 1, 2001	\$ 195,873,572
Change from 2001 to 2002:	
▶ Additional benefits accumulated (including the effect of noninvestment experience)	13,692,153
▶ Interest due to decrease in the discount period	17,473,312
▶ Benefits paid	(3,527,296)
▶ Assumption changes	0
▶ Plan amendments	32,623
▶ Divestiture of New England Operations	<u>(8,319,629)</u>
Actuarial present value of accumulated plan benefits as of July 1, 2002	\$ 215,224,735

SI-6

Basic Results for Employer Contributions

	July 1, 2002*	July 1, 2001
Normal Cost and Liabilities		
Normal cost	\$ 11,755,395	\$ 10,771,470
Actuarial accrued liability [AAL]	288,890,229	265,802,556
Current liability [CL]:		
▶ Selected interest rate	294,866,061	305,125,322
▶ Highest allowable interest rate	294,866,061	305,125,322
Assets		
Market value	\$ 263,029,208	\$ 292,277,678
Unrecognized investment losses (gains)	<u>52,605,841</u>	<u>27,642,509</u>
Actuarial value [AV]	\$ 315,635,049	\$ 319,920,187
Funded Position		
Unfunded actuarial accrued liability [AAL - AV]	\$ (26,744,820)	\$ (54,117,631)
AAL funded percentage [AV ÷ AAL]	109.3%	120.4%
CL funded percentage:		
▶ Selected interest rate	107.0%	104.9%
▶ Highest allowable interest rate	107.0%	104.9%
Key Economic Assumptions		
Discount rate for normal cost and actuarial accrued liability	9.00%	9.00%
Current liability interest rate:	6.80%	6.09%
Salary increase rate	Age-graded scale averaging 5.00%	Age-graded scale averaging 5.00%

* All values are as of July 1, 2002 and therefore do not reflect the merger of the Northwest Indiana Pension Plan except for normal cost which includes a pro rata portion of the merged plan.

SI-7

Minimum Required Employer Contribution

	July 1, 2002	July 1, 2001
Minimum Required Employer Contribution		
Normal cost	\$ 11,755,395	\$ 10,771,470
Amortization amounts	0	0
Interest adjustments	1,057,986	969,432
Additional funding charge	0	0
Credit balance with interest	<u>(364,657)</u>	<u>(346,889)</u>
Minimum required contribution before full funding limit	\$ 12,448,724	\$ 11,394,013
Minimum required contribution after full funding limit*	12,432,374	0

Additional details regarding the calculation of the minimum required employer contribution may be obtained from the Form 5500 Schedule B filings and attachments.

Schedule of Required Minimum Employer Contributions

October 15	\$ 0	\$ 0
January 15 (following)	0	0
April 15 (following)	0	0
July 15 (following)	0	0
March 15 (following)	12,432,374	0

Quarterly contributions for the 2003 plan year are not required since the plan's current liability funded status exceeds 100% for the 2002 plan year.

- * As of January 1, 2003, the Northwest Indiana Water Company Retirement Plan was merged into the AW Pension Plan. As of June 30, 2003, a full funding credit of \$15,624 attributable to the Northwest Indiana plan was included for the determination of the minimum contribution requirement.

SI-8

Maximum Deductible Employer Contribution

	July 1, 2002	July 1, 2001
Maximum Deductible Employer Contribution		
Maximum deductible contribution before adjustments	\$ 12,276,674	\$ 11,249,728
Allowable deduction, the greatest of:		
▶ Maximum deductible contribution after full funding limit*	12,261,674	0
▶ Contribution necessary to satisfy minimum funding standards	12,432,374	0
▶ Contribution necessary to fund 100% of current liability	0	0
Maximum deductible contribution	12,432,374	0

The timing of this deduction may be affected by the uniform capitalization rules. Deductibility of contributions to a defined contribution plan maintained for the same employees may be affected by the 25% of pay limitation for defined benefit and defined contribution plans combined.

The maximum deductible contribution depends on the selected current liability interest rate. The permissible range for the current liability interest rate for the plan year beginning July 1, 2002 is 5.10% to 6.80%. In the above table, the contribution necessary to fund 100% of current liability is \$0, which is based on a current liability interest rate of 6.80%. At the lowest interest rate of 5.10%, the maximum deductible contribution for the pension plan on a stand alone basis would be \$103,602,428. This does not reflect the 25% of pay combined plan limitation. Please note that depending on the current liability interest rate selected additional requirements may apply.

- * As of January 1, 2003 the Northwest Indiana Water Company Retirement Plan was merged into the AW pension plan. As of June 30, 2003, a full funding credit of \$15,000 attributable to the Northwest Indiana plan was included in the determination of the maximum tax deductible contribution.

SI-9

Actuarial Assumptions and Methods

	Pension Cost	Contributions
Economic Assumptions		
Discount rate	6.75%	9.00%
Return on assets	8.75%	N/A
Current liability:		
▶ Selected interest rate	N/A	6.80%
▶ Highest allowable interest rate	N/A	6.80%
Annual rates of increase in:		
▶ Compensation		
Sample rates:		
Age	% Increase	% Increase
25	6.35%	6.60%
35	4.95%	5.20%
40	4.65%	4.90%
45	4.45%	4.70%
55	4.15%	4.40%
Average rate	4.75%	5.00%
▶ Future Social Security wage bases	4.25%	4.50%
▶ Indexed limits on compensation and benefits	3.75%	N/A

Demographic Assumptions

Mortality	For healthy participants, 1983 GAM Table. Rates vary by age and gender.
	For disabled participants, select and ultimate mortality rates from the PBGC disabled mortality for Social Security recipients.

SI-10

Termination

Rates varying by age

Sample rates:

Age	Rate
25	.060
35	.030
40	.020
45	.015
55	.000

Disability

50% of 1987 CGDT (shown below)

Sample annual rates of disablement.

Age	Male	Female
25	.0004	.0006
35	.0006	.0012
40	.0010	.0015
45	.0018	.0023
55	.0059	.0053

Retirement

Rates varying by age averaging 62; terminated vested participants, age 65

Age	Rate	Age	Rate
55	.05	63	.40
56	.02	64	.40
57	.02	65	.80
58	.02	66	.10
59	.02	67	.30
60	.05	68	.30
61	.04	69	.10
62	.60	70	1.00

Form of payment

Life annuity. Normal cost and actuarial accrued liability have been increased by .2% for the two-year "pop-up" provision.

Administrative expenses

\$115,000 is added to the plan's normal cost.

Percent married

90% males, 60% females, assumed married.

Spouse age

Wife three years younger than husband

Valuation compensation

For accounting purposes: annualized rate of pay on prior July 1 plus the target incentive award

For contribution purposes the annual rate of pay as of July 1 plus the target incentive award

Annual rates of pay are increased 3% for hourly and salaried nonexempt employees to approximate total company overtime.

Maximum benefit

For contribution purposes. \$160,000 for 2002, payable at age 62

SI-11

Maximum pensionable earnings

For accounting purposes: \$160,000 for 2003 (with other changes enacted by EGTRAA), increasing with inflation

For contribution purposes: \$200,000 for 2002

For accounting purposes: \$200,000 for 2003, increasing with inflation.

Methods

Pension cost

- ▶ Measurement date January 1, 2003
- ▶ Service cost and projected benefit obligation Projected unit credit
- ▶ Market-related value of assets Fair value
- ▶ Amortization of unrecognized amounts:
 - Transition obligation (asset) Transition obligation (asset) at the initial adoption of FAS 87 is amortized on a straight-line basis over the average future working lifetime as of the date of adoption, or 15 years, if longer.
 - Prior service cost (credit) Increase in PBO resulting from a plan amendment is amortized on a straight-line basis over the expected average remaining service of active participants
 - Net loss (gain) Net loss (gain) in excess of 10% of the greater of the PBO or the market-related value of assets is amortized on a straight-line basis over the expected average remaining service of active participants.

Contributions.

- ▶ Valuation date July 1, 2002
- ▶ Normal cost and actuarial accrued liability Projected unit credit
- ▶ Actuarial value of assets Beginning July 1, 2001, a preliminary actuarial value of assets as of the valuation date is determined as the market value of assets as of the valuation date less the following percentage applied to investment gains (losses) from previous years:
 - 80% for the year ending on the valuation date
 - 60% for the previous year
 - 40% for the second previous year
 - 20% for the third previous year

The preliminary actuarial value is then adjusted to be within a corridor of 80% to 120% of the market value.

SI-12

► Funding policy

The company's funding policy is to contribute an amount at least equal to the minimum required contribution under ERISA. American Water Works may increase its contribution above the minimum, if appropriate to its tax and cash position and the plan's funded status

Benefits Not Valued

All benefits described in the Plan Provisions section of this report were valued. Towers Perrin has reviewed documentation provided by American Water Works and is not aware of any significant benefits that were not valued.

Change in Assumptions and Methods Since Prior Valuation

Pension cost

The discount rate for benefit obligations was changed from 7.25% to 6.75%. The expected rate of return on assets was changed from 9.00% to 8.75%.

Contributions

The current liability interest rate was changed from 6.09% to 6.80%, which is within the permissible range.

Data Sources

Towers Perrin used asset data supplied by the trustee and the company. Assets due to be transferred for the former NEI plans, as well as assets due to be spun off for the divestiture of New England operations, were determined in accordance with Internal Revenue rules for spinoffs/mergers. American Water Works furnished participant data as of July 1, 2002. In addition, accrued pension costs were furnished as of December 31, 2002. Data were reviewed for reasonableness and consistency. Towers Perrin is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

SI-13

Participant Data

	July 1, 2002*	July 1, 2001
Active		
Number	4,176	3,916
Average age	45.3	45.6
Average past service	15.6	16.4
Average future service	14.5	14.3
Covered compensation.		
▶ Total	\$ 214,251,932	\$ 190,008,146
▶ Average	51,306	48,521
Deferred Inactive		
Number	1,277	1,048**
Average age	47.0	46.1
Annual benefits		
▶ Total	\$ 8,954,821	\$ 7,260,766
▶ Average	7,012	6,928
Currently Receiving Benefits		
Number	261	144
Average age	61.0	61.0
Annual benefits		
▶ Total	\$ 4,156,491	\$ 2,359,326
▶ Average	15,925	16,384
Total Participants Included in Valuation		
Number	5,714	5,108

* Does not include Northwest Indiana Water Company participants who transferred into this plan at January 1, 2003.

** Does not include NEI participants who transferred into this plan as of July 1, 2001.

SI-14

Analysis of Inactive Participant Data

Deferred Inactive

<i>Age last birthday</i>	<i>Number</i>	<i>Annual benefit</i>	<i>Average annual benefit</i>
< 50	819	\$ 5,388,495	\$ 6,579
50 - 54	219	2,113,934	9,653
55 - 59	146	1,053,326	7,215
60 - 64	79	341,901	4,328
> 64	<u>14</u>	<u>57,165</u>	4,083
Total	1,277	8,954,821	\$ 7,012

Currently Receiving Benefits

<i>Age last birthday</i>	<i>Number</i>	<i>Annual benefit</i>	<i>Average annual benefit</i>
< 55	19	\$ 136,255	\$ 7,171
55 - 59	79	1,109,023	14,038
60 - 64	127	2,495,873	19,653
65 - 69	31	357,531	11,533
70 - 74	3	48,480	16,160
75 - 79	1	7,268	7,268
80 - 84	1	2,061	2,061
> 84	<u>0</u>	<u>0</u>	<u>0</u>
Total	261*	\$ 4,156,491	\$ 15,925

* The average number of years of service for individuals who retired between July 1, 2001 and July 1, 2002 was 26.39 years.

Towers Perrin

ANALYSIS OF ACTIVE PARTICIPANT DATA BY AGE, SERVICE AND EARNINGS AS OF 07/01/2002

-----Completed Years of Service-----											
Age Last Birth Day	0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total		
15-19	Number	1	0	0	0	0	0	0	0	1	
	Tot earnings	24,960	0	0	0	0	0	0	0	24,960	
	Avg earnings	24,960	0	0	0	0	0	0	0	24,960	
20-24	Number	47	2	0	0	0	0	0	0	49	
	Tot earnings	1,447,711	104,383	0	0	0	0	0	0	1,552,094	
	Avg earnings	30,302	52,192	0	0	0	0	0	0	31,675	
25-29	Number	147	24	3	0	0	0	0	0	174	
	Tot earnings	5,361,925	945,107	120,494	0	0	0	0	0	6,427,526	
	Avg earnings	36,476	39,379	40,165	0	0	0	0	0	36,940	
30-34	Number	168	97	65	3	0	0	0	0	333	
	Tot earnings	7,121,132	4,192,200	2,806,095	120,530	0	0	0	0	14,239,957	
	Avg earnings	42,388	43,219	43,171	40,177	0	0	0	0	42,763	
35-39	Number	163	87	217	90	12	0	0	0	569	
	Tot earnings	7,015,302	4,206,662	10,671,376	4,339,864	664,786	0	0	0	26,897,990	
	Avg earnings	43,039	48,352	49,177	48,221	55,399	0	0	0	47,272	
40-44	Number	138	104	211	221	155	16	0	0	845	
	Tot earnings	6,287,802	5,215,225	10,720,100	12,507,257	8,272,764	777,015	0	0	43,780,163	
	Avg earnings	45,564	50,146	50,806	56,594	53,373	48,563	0	0	51,811	
45-49	Number	94	84	155	163	246	122	14	0	878	
	Tot earnings	4,801,003	4,472,216	7,871,382	8,576,940	13,862,162	6,789,071	588,993	0	46,961,767	
	Avg earnings	51,075	53,241	50,783	52,619	56,350	55,648	42,071	0	53,487	
50-54	Number	66	49	82	90	153	127	136	10	713	
	Tot earnings	3,304,622	2,910,488	3,904,079	4,532,443	7,703,812	7,642,108	8,421,451	582,663	38,999,666	
	Avg earnings	50,070	59,398	47,611	50,360	50,352	60,174	61,922	59,066	54,698	
55-59	Number	32	20	33	42	67	57	135	69	455	
	Tot earnings	1,718,712	1,334,016	1,996,077	2,130,959	3,431,344	2,841,774	8,076,695	3,910,792	25,440,369	
	Avg earnings	53,710	66,701	60,487	50,737	51,214	49,856	59,827	56,678	55,913	
60-64	Number	11	7	7	14	12	14	31	50	146	
	Tot earnings	664,237	345,470	431,360	595,511	594,518	626,833	1,730,141	4,397,692	9,385,762	
	Avg earnings	60,385	49,353	61,623	42,537	49,543	44,774	55,811	87,954	64,286	
Over 64	Number	2	1	2	3	0	2	1	2	13	
	Tot earnings	59,250	16,162	115,192	105,762	0	102,374	38,106	104,847	541,693	
	Avg earnings	29,625	16,162	57,596	35,254	0	51,187	38,106	52,424	41,669	
Total	Number	869	475	775	826	645	338	317	131	4,176	
	Tot earnings	37,806,656	23,741,929	38,636,155	32,909,266	34,529,386	18,719,175	18,855,386	8,993,994	214,251,932	
	Avg earnings	43,506	49,983	49,853	52,571	53,534	55,560	59,481	68,656	51,306	
Average Age = 45.3 Average Service = 15.6											

Average Age = 45.3 Average Service = 15.6

SI-15

American Water Works, November 2003

SI-16

Plan Provisions

Plan Provisions as of July 1, 2002

1. Effective Date: July 1, 1952. Most recent amendment effective July 1, 2003.
2. Definitions:
 - (a) Average Social Security Wage Base: Average of the maximum amounts subject to Social Security taxation for the year of retirement or termination and the nine preceding years.
 - (b) Earnings: Total compensation for services paid as an annual salary or as an hourly wage plus annual incentive awards paid in cash during the period, subject to a maximum amount as set forth in the Tax Reform Act of 1986.
 - (c) Final Average Earnings: The highest average monthly Earnings during the 60 consecutive months of the final 120 months (or lesser period of employment) preceding termination from employment or retirement.
 - (d) Year of Service:
 - (i) For periods prior to the first anniversary of employment after July 1, 1975: A Year of Service is credited for each year of continuous service during which the employee's customary employment was for more than 1,000 hours per year, subject to the following exceptions:
 - (a) California-American Water Company: Only continuous service accrued beginning December 28, 1970 is credited for the purpose of determining the amount of benefits payable under the Plan (in addition to any prior plan benefits)
 - (b) West Virginia Water Company and Yardley Water Company: Only service accrued beginning December 1, 1970 is credited for the purpose of determining the amount of benefits accrued under the Plan (in addition to any prior plan benefits). Service for eligibility purposes and for the schedule of early retirement factors is measured from the original date of hire.
 - (ii) For periods beginning on or after the first anniversary of employment after July 1, 1975: In general, a Year of Service is credited for each 12-month period commencing on the employee's anniversary date of employment during which the employee completes 1,000 hours of service. For the purpose of determining

SI-17

the amount of benefits of any participant (other than a part-time employee) who completes at least 1,000 but fewer than 2,080 hours of service in this 12-month period, the participant is credited with the fraction of a Year of Service determined by dividing his actual hours of service by 2,080. The following exceptions apply:

- (a) Hershey Water Company: Employees on April 19, 1977 who were vested in benefits accrued under the prior plan receive credit only for service beginning April 19, 1977.
- (b) Pekin Water Company: Nonunion participants who were members of the prior plan get credit for all service less any prior plan benefit. Other nonunion employees get credit for periods of service beginning January 1, 1982. Union employees' service is credited for periods beginning April 1, 1982 for the purposes of determining the amount of benefits payable under the Plan (in addition to any prior plan benefits).
- (c) Seymour Water Company: Only service accrued beginning March 16, 1982 is credited for the purpose of determining the amount of benefits payable under the Plan (in addition to any prior plan benefits).
- (d) New Mexico-American: All service is credited, including periods before the August 1, 1986 acquisition. The prior plan benefit is a minimum.
- (e) Indiana-American Terre Haute Plan: Only service accrued beginning May 11, 1987 is credited for the purpose of determining the amount of benefits payable under the Plan (in addition to any prior plan benefits).
- (f) Brownsville Water Company: Only service accrued beginning July 2, 1990 is credited for the purpose of determining the amount of benefits payable under the Plan (in addition to any prior plan benefits).
- (g) California Water Company: Only service accrued beginning July 2, 1990 is credited for the purpose of determining the amount of benefits payable under the Plan (in addition to any prior plan benefits).
- (h) Avatar Utilities Inc: Only service accrued beginning September 1, 1993 is credited for the purpose of determining the amount of benefits payable under the Plan (in addition to any prior plan benefits).

SI-18

- (i) PG Energy: Only service accrued beginning February 16, 1996 is credited for the purpose of determining the amount of benefits accrued under the Plan (in addition to any prior plan benefits). Service for eligibility and vesting purposes and for the schedule of early retirement factors is measured from the original date of hire.
- (j) United Water Resources, Inc.: Dates of acquisition are shown below

<u>Location</u>	<u>Date</u>
United Water of Indiana	February 1, 2000
United Water of West Lafayette	February 1, 2000
United Water of Virginia	February 29, 2000
United Water of Missouri	May 1, 2000
United Water of Illinois	May 31, 2000

- (i) Nonunion employees: Service for eligibility purposes and for the schedule of early retirement factors is measured from the original date of hire. Service for benefit accrual is measured from the date of acquisition.
- (ii) Union employees: Service for all purposes is measured from the original date of hire. All benefits are determined under the United Waterworks Plan formula in effect on the date of acquisition.
- (k) City of Coatesville Authority: Only service accrued beginning March 23, 2001 is credited for the purpose of determining the amount of benefits accrued under the Plan. Service for eligibility to participate, vesting and early retirement eligibility is measured from the original date of hire.
- (l) Citizens Utilities Companies: Only service accrued beginning January 15, 2002 is credited for the purpose of determining the amount of benefits payable under the Plan. Service for eligibility and vesting purpose and for the schedule of early retirement factors is measured from the original date of hire.
3. Eligibility for Participation: Each employee commences participation on the first day of the calendar month next following completion of one Year of Service.
4. Benefits:
- (a) Normal Retirement Benefit:
- (i) Normal retirement date: The first day of the calendar month next following the participant's 65th birthday.
- (ii) Basic monthly benefit: The sum of (A) or (B) below:

SI-19

(A1) For service before July 1, 2001 for American Water Works employees (other than former NEI plan participants), the larger of (1) or (2) below:

(1) The sum of (a) plus (b) plus (c):

- (a) 1.85% of Final Average Earnings not in excess of the Average Social Security Wage Base multiplied by Years of Service up to 25 years.
- (b) 2.10% of Final Average Earnings in excess of the Average Social Security Wage Base multiplied by Years of Service up to 25 years.
- (c) 0.70% of Final Average Earnings multiplied by Years of Service in excess of 25 years.

(2) The benefit accrued under the Plan formula as of June 30, 1989.

(A2) For service before July 1, 2001 for former nonunion NEI participants, the benefit formula in effect under the provisions of the former NEI plans using the Final Average Earnings described in 2(c) above.

(B) For service on or after July 1, 2001 sum of (1) + (2) + (3):

- (1) 1.6% of Final Average Earnings not in excess of the Average Social Security Wage Base multiplied by Years of Service up to 25 years.*
- (2) 2.1% (1.6% for Union Associates and former nonunion NEI participants and new participants after July 1, 2001) of Final Average Earnings in excess of the Average Social Security Wage Base multiplied by Years of Service up to 25 years.*
- (3) 1.6% of Final Average Earnings multiplied by Years of Service in excess of 25 years.*

* The threshold of 25 years of service is based on total service, including Years of Service credited prior to July 1, 2001

SI-20

In addition to the above amounts, benefits are payable under prior plans that have been merged into this Plan for the Pekin, Seymour, California-American, West Virginia Water Companies and the Indiana-American Terre Haute Plan, the Brownsville Water Company, California Water Company, Avatar Utilities Inc. and PG Energy. Also, any benefits payable through a purchased annuity are subtracted from the above amounts (under Metropolitan contracts #153 and #369).

(b) Early Retirement Benefit:

(i) Early retirement date:

- ▶ For American Water Works employees, former St. Louis County employees and Long Island employees, the first day of any month on which the employee elects to retire provided that:
 - (a) the participant has attained age 55, and
 - (b) the sum of the individual's age and Years of Service totals at least 70.
- ▶ For former employees of Northwest Indiana prior to July 1, 2001, the first day of any month on which the employee elects to retire provided that the participant has attained age 55 and completed five Years of Service.
- ▶ For former employees of Northern Illinois prior to July 1, 2001, the first day of any month on which the employee elects to retire provided that the employee has attained age 55.

(ii) Basic monthly benefit: The benefit as in (a)(ii) above based upon Earnings and Years of Service to the date of early retirement, multiplied by the appropriate factors from the Schedule of Early Retirement Factors contained in the Plan document. For benefits attributable to service prior to July 1, 2001 under the former NEI plans' provisions, the applicable early retirement factors are those attributable to the former plans.

(iii) Supplemental Early Retirement Income. For Long Island employees hired prior to July 1, 2001 who retire and whose age plus service at retirement is at least 90 points, benefit is \$100 per month reduced by 5% for each point below 90. This benefit is payable until age 65.

(c) Vested Benefit:

(i) Eligibility: Completion of five Years of Service

SI-21

- (ii) Basic monthly benefit: The benefit as in (a)(ii) or (b)(ii), whichever is applicable, based upon Earnings and Years of Service to date of termination.
- (d) Disability Benefit:
 - (i) Disability retirement date: The first day of the seventh month following the submission of evidence of permanent disability, provided that the employee has completed 10 Years of Service and qualifies for disability benefits from the Social Security Administration.
 - (ii) Basic monthly benefit: (a) plus any frozen benefit payable under the prior plans for former employees of Pekin Water Company, Seymour Water Company and West Virginia Water Company:
 - (a) the benefit accrued under section (4)(a)(ii) based on Earnings and Years of Service at the date of disability without reduction for early commencement.
- (e) Preretirement Death Benefit:
 - (i) Eligibility: Monthly benefits under (ii) depend on the status of the participant as follows:
 - (a) All employees eligible for early retirement as of the date of death, provided the employee is married or has designated a contingent annuitant.
 - (b) All married employees not eligible for early retirement with at least 10 Years of Service on the date of death.
 - (c) All married active employees not eligible for early retirement with at least five Years of Service but less than 10 on the date of death and all married former employees who had completed at least five Years of Service but were not eligible for Early Retirement at termination and have not begun to receive retirement benefits.
 - (ii) Monthly benefit:
 - (a) The benefit that would have been payable to the employee if the participant had retired early on the date of death and elected to receive a 100% contingent annuity

SI-22

- (b) An immediate benefit, based on the amount that would have been payable to the employee had the employee retired on the date of death and elected to receive a 100% contingent annuity. Such benefit will be based upon the Early Retirement Factor for the employee's age at death (or, if greater, age 55) and the number of Years of Service at death. Such benefit will also be based upon the 100% Contingent Annuity Factor for the employee's age at death (or, if greater, age 55) with a spouse's age that bears the same relation as to that at death.
- (c) A deferred benefit, based on 50% of the amount that would have been payable to the participant had he survived to age 55 and elected a 50% contingent annuity. Such benefit will be based upon the Early Retirement Factor and the 50% Contingent Annuity Factor for an employee age 55, the number of Years of Service completed at death or termination, and the spouse's then attained age
- (iii) Duration of benefit: Monthly benefits are payable during the lifetime of the survivor.
- (f) Special Prior Plan Preretirement Death Benefits:
 - (i) California-American Water Works: All former employees not eligible for early retirement on the date of death will receive the amount of their accumulated contributions with interest.
 - (ii) West Virginia Water Works: All former employees not eligible for early retirement on the date of death will have the accrued frozen benefit without reduction payable for 10 years.

5. Form of Retirement and Disability Benefits

- (a) Normal Form:
 - (i) Married participants: 50% contingent annuity (with two-year "pop-up"), with monthly payment equal to the actuarial equivalent of the basic benefit.
 - (ii) Single participants: Life annuity, with monthly payment equal to the basic benefit.
 - (iii) For former employees of Pekin Water Company, Seymour Water Company and West Virginia Water Company, 10 years certain and continuous annuities are payable with regard to amounts due from prior plan.

SI-23

- (b) Optional Forms: Life annuity; 100%, 66 2/3% or 50% contingent annuity (with two-year "pop-up"); and 5-year, 10-year, or 15 year* certain and continuous annuity.
- 6 Maximum Benefits: Maximum benefits payable conform to those set forth in the Employee Retirement Income Security Act of 1974 and the Tax Reform Act of 1986.

* Effective January 1, 2002.

Changes in Plan Provisions Since Prior Year

As of January 1, 2003, the plan was amended to include employees of Northwest Indiana Water Company. Benefits attributable to service before January 1, 2003 are based on the former plan's provisions, while benefits earned after January 1, 2003 are based on American's benefit provisions. This change was recognized on a pro rata basis for ERISA funding purposes in the July 1, 2002 valuation. In addition, current year changes in the Internal Revenue Code maximum on benefits and earnings were reflected.

SI-24

Glossary of Selected Terms

Actuarial Accrued Liability — The cost allocated to years prior to the valuation date under the plan's funding method (contribution basis).

Accumulated Benefit Obligation (ABO) — The present value of benefits earned by participants prior to the measurement date. The benefits are based on compensation earned prior to the valuation date (pension cost basis).

Accrued/Prepaid Pension Cost — Cumulative employer contributions less than/in excess of pension cost (pension cost basis).

Actuarial Asset Value — A smoothed value of assets, used in calculating the plan's contributions (contribution basis).

Current Liability Rate — The interest rate used to calculate the current liability. The rate is determined by the IRS (contribution basis).

Current Liability — The value of accrued benefits calculated using the current liability rate (contribution basis).

Discount Rate — The interest rate used to adjust liabilities and obligations for the time value of money. It is used in calculating the service cost and benefit obligations (pension cost basis).

Expected Rate of Return — The assumption as to the rate of return on plan assets reflecting the average long-term rate of earnings expected on the funds invested (pension cost basis).

Full Funding Limitation — A plan contribution is not required, nor is it deductible, if either:

- (i) the plan's expected assets exceed the plan's expected actuarial accrued liability at the end of the year, or
- (ii) the plan's expected assets exceed 165% of the expected current liability at the end of the year.

Funded Status — A comparison of the plan's assets and liabilities at a particular point in time.

Gain or Loss — A change in the value of the projected benefit obligation, actuarial accrued liability or plan assets resulting from experience different from that assumed. On the pension cost basis, a change in these values arising from a change in actuarial assumptions is also considered a gain or loss.

SI-25

Market Value of Assets — The value of assets reported by the trustee, adjusted for plan receivables and payables

Market-Related Value of Assets — At the option of the plan sponsor, a smoothed value of assets may be used in calculating the expected return on plan assets component of pension cost.

Maximum Deductible Contribution — The largest amount the plan sponsor may contribute to the plan and deduct for tax purposes without incurring a penalty.

Measurement Date — The date as of which assets and obligations are measured in determining pension cost.

Minimum Required Contribution — The smallest amount the plan sponsor may contribute to the plan without incurring a penalty.

Normal Cost — The cost allocated to the current year by the plan's funding method (contribution basis).

Projected Benefit Obligation (PBO) — The present value of benefits earned by participants prior to the measurement date. The benefits are based on the employee's projected compensation (pension cost basis).

Service Cost — The present value of benefits earned by employees during the year covered by this valuation. The benefits are based on the employee's projected compensation (pension cost basis).

Valuation Date — The date as of which assets and liabilities are measured.

10% Corridor — Gains or losses that, in the aggregate, are less than 10% of the greater of the projected benefit obligation or the plan's market-related value of assets may be excluded from the determination of pension cost.

American Water
Allocation of 01/01/2004 FAS 87 Cost

Pension Plan Annual Valuation
using data collected as of July 1, 2003

<u>COMPANY</u>	<u>Number of Active Participants</u>	<u>Annualized Rate Valuation Earnings</u>	<u>Allocation Percentage *</u>	<u>Allocated Pension Cost</u>
AMERICAN WATER WORKS COMPANY	7	\$1,233,895	0 52%	185,244
AMERICAN WATER SERVICES (AAET, L P)	23	1,178,707	0 49%	174,557
AMERICAN WATER SERVICES (Corp)	5	585,590	0 25%	89,060
AWW SERVICE COMPANY				
Voorhees	140	12,765,832	5 34%	1,901,243
Belleville, IL Lab (R)	37	1,847,092	0 77%	275,372
Hershey, PA Data Center (W)	38	2,512,470	1 05%	374,050
Richmond, IN Data Center (H)	2	212,722	0 09%	32,061
Western (L)	37	2,911,544	1 22%	434,611
Haddon Heights IS	14	954,860	0 40%	142,495
Northeast Region	14	1,477,629	0 62%	220,868
Southeast Region	29	2,943,455	1 23%	438,173
Indiana Region	14	1,276,329	0 53%	188,806
Illinois Region	28	2,330,758	0 98%	349,113
Alton, IL Call Center	287	8,933,266	3 74%	1,332,331
Shared Services	<u>126</u>	<u>6,610,717</u>	<u>2 77%</u>	<u>986,780</u>
Total AWW Service Company	766	44,776,674	18 74%	6,675,903
VIRGINIA - AM - EASTERN DISTRICT	7	285,576	0 12%	42,749
NEW JERSEY - AM	437	23,621,907	9 88%	3,519,633
PENNSYLVANIA - AM	991	48,589,042	20 33%	7,242,321
ILLINOIS - AM	379	18,052,622	7 55%	2,689,598
INDIANA - AM	359	16,313,553	6 82%	2,429,544
IOWA - AM	60	2,886,410	1 21%	431,048
MISSOURI - AM	576	28,115,497	11 76%	4,189,361
OHIO - AM	90	4,076,204	1 70%	605,605
CALIFORNIA - AM	182	9,224,869	3 86%	1,375,079
NEW MEXICO - AM	21	939,733	0 39%	138,933
ARIZONA - AM	110	5,368,487	2 25%	801,536
KENTUCKY - AM	130	6,062,088	2 54%	904,845
MARYLAND - AM	7	323,760	0 13%	46,311
TENNESSEE - AM	116	5,776,750	2 42%	862,096
VIRGINIA - AM	78	3,695,384	1 55%	552,169
WEST VIRGINIA - AM	312	15,126,496	6 33%	2,254,988
MICHIGAN - AM	6	243,696	0 10%	35,624
HAWAII	17	947,858	0 40%	142,495
LONG ISLAND - NONUNION	<u>22</u>	<u>1,570,514</u>	<u>0 66%</u>	<u>235,117</u>
TOTAL SYSTEM	4701	\$238,995,313	100 00%	\$35,623,816

* The allocation percentage for each company is equal to the ratio of valuation earnings for that company to total valuation earnings for the entire American system

AMERICAN WATER SYSTEM
QUALIFIED PENSION PLAN
2004 FUNDING SCHEDULE

COMPANY	ALLOCATION OF 2004 PENSION FUNDING	FUNDING ON FEBRUARY 17	FUNDING ON MAY 17	FUNDING ON AUGUST 17	FUNDING ON NOVEMBER 17
AMERICAN WATER WORKS COMPANY	\$655,544	\$314,487	\$303,915	\$18,571	\$18,571
AMERICAN WATER RESOURCES	34,179	11,229	10,852	6,049	6,049
AMERICAN WATER SERVICES	21,541	(29,610)	(28,615)	39,883	39,883
AMERICAN WATER WORKS SERVICE COMPANY	802,477	(22,818)	(22,050)	423,673	423,673
ARIZONA-AMERICAN	198,415	25,479	24,623	74,157	74,156
CALIFORNIA-AMERICAN	521,609	66,049	63,829	195,866	195,865
HAWAII-AMERICAN	107,254	40,316	38,961	13,989	13,988
ILLINOIS-AMERICAN	2,153,559	678,540	655,729	409,645	409,645
INDIANA-AMERICAN	1,374,282	486,422	470,070	208,895	208,895
IOWA-AMERICAN	160,771	16,915	16,346	63,755	63,755
KENTUCKY-AMERICAN	358,534	63,481	61,347	116,853	116,853
MARYLAND-AMERICAN	32,904	7,973	7,705	8,613	8,613
MICHIGAN-AMERICAN	(13,824)	(12,496)	(12,075)	5,374	5,373
MISSOURI-AMERICAN	2,785,279	997,329	963,801	412,074	412,075
NEW JERSEY-AMERICAN	1,151,341	58,161	56,206	518,487	518,487
NEW MEXICO-AMERICAN	46,021	3,315	3,204	18,751	18,751
OHIO-AMERICAN	255,086	31,850	30,779	96,218	96,219
PENNSYLVANIA-AMERICAN	3,645,610	860,879	831,938	976,396	976,397
TENNESSEE-AMERICAN	319,729	28,886	27,914	131,464	131,465
VIRGINIA-AMERICAN	168,513	11,082	10,710	73,360	73,361
VIRGINIA EASTERN-AMERICAN	27,064	9,533	9,213	4,159	4,159
WEST VIRGINIA-AMERICAN	1,236,962	290,598	280,828	332,768	332,768
	\$16,042,830	\$3,937,600	\$3,805,230	\$4,150,000	\$4,150,000

"pensionfunding2004"

**American Water Pension
Allocation of Cash Contributions**

Pension Plan Annual Valuation
using data collected as of July 1, 2003

<u>COMPANY</u>	<u>Allocation Percentage *</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
AMERICAN WATER WORKS COMPANY	0 50%	\$227,250	\$407,500	\$369,000	\$175,750	\$57,000
AMERICAN WATER SERVICES (Dedham)	0 48%	218,160	391,200	354,240	168,720	54,720
AMERICAN WATER SERVICES (Corp)	0 24%	109,080	195,600	177,120	84,360	27,360
AWW SERVICE COMPANY						
Voorhees	5 21%	2,367,945	4,246,150	3,844,980	1,831,315	593,940
Belleville, IL Lab (R)	0 75%	340,875	611,250	553,500	263,625	85,500
Hershey, PA Data Center (W)	1 03%	468,135	839,450	760,140	362,045	117,420
Richmond, IN Data Center (H)	0 09%	40,905	73,350	66,420	31,635	10,260
Western (L)	1 19%	540,855	969,850	878,220	418,285	135,660
Haddon Heights IS	0 39%	177,255	317,850	287,820	137,085	44,460
Northeast Region	0 60%	272,700	489,000	442,800	210,900	68,400
Southeast Region	1 20%	545,400	978,000	885,600	421,800	136,800
Indiana Region	0 52%	236,340	423,800	383,760	182,780	59,280
Illinois Region	0 95%	431,775	774,250	701,100	333,925	108,300
Alton, IL Call Center	3 65%	1,658,925	2,974,750	2,693,700	1,282,975	416,100
Shared Services	2 70%	1,227,150	2,200,500	1,992,600	949,050	307,800
Total AWW Service Company	18 28%	8,308,260	14,898,200	13,490,640	6,425,420	2,083,920
VIRGINIA - AM - EASTERN DISTRICT	0 12%	54,540	97,800	88,560	42,180	13,680
NEW JERSEY - AM	9 64%	4,381,380	7,856,600	7,114,320	3,388,460	1,098,960
PENNSYLVANIA - AM	19 84%	9,017,280	16,169,600	14,641,920	6,973,760	2,261,760
ILLINOIS - AM	7 37%	3,349,665	6,006,550	5,439,060	2,590,555	840,180
NORTHERN ILLINOIS - UNION***	0 74%	336,330	603,100	546,120	260,110	84,360
INDIANA - AM	6 66%	3,026,970	5,427,900	4,915,080	2,340,990	759,240
IOWA - AM	1 18%	536,310	961,700	870,840	414,770	134,520
MISSOURI - AM	11 48%	5,217,660	9,356,200	8,472,240	4,035,220	1,308,720
OHIO - AM	1 66%	754,470	1,352,900	1,225,080	583,490	189,240
CALIFORNIA - AM	3 77%	1,713,465	3,072,550	2,782,260	1,325,155	429,780
NEW MEXICO - AM	0 38%	172,710	309,700	280,440	133,570	43,320
ARIZONA - AM	2 19%	995,355	1,784,850	1,616,220	769,785	249,660
KENTUCKY - AM	2 47%	1,122,615	2,013,050	1,822,860	868,205	281,580
MARYLAND - AM	0 13%	59,085	105,950	95,940	45,695	14,820
TENNESSEE - AM	2 36%	1,072,620	1,923,400	1,741,680	829,540	269,040
VIRGINIA - AM	1 51%	686,295	1,230,650	1,114,380	530,765	172,140
WEST VIRGINIA - AM	6 18%	2,808,810	5,036,700	4,560,840	2,172,270	704,520
MICHIGAN - AM	0 10%	45,450	81,500	73,800	35,150	11,400
HAWAII	0 39%	177,255	317,850	287,820	137,085	44,460
LONG ISLAND - NONUNION	0 64%	290,880	521,600	472,320	224,960	72,960
LONG ISLAND - UNION**	1 69%	768,105	1,377,350	1,247,220	594,035	192,660
TOTAL SYSTEM	100 00%	\$45,450,000	\$81,500,000	\$73,800,000	\$35,150,000	\$11,400,000

* The allocation percentage for each company is equal to the ratio of valuation earnings for that company to total valuation earnings for the entire American system

** Based on January 1, 2003 Actuarial Report prepared by John Hancock

*** Based on April 1, 2003 data

**American Water Pension
Allocation of FAS 87 Cost Before Purchase Accounting**

Pension Plan Annual Valuation
using data collected as of July 1, 2003.

<u>COMPANY</u>	<u>Allocation Percentage *</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
AMERICAN WATER WORKS COMPANY	0 50%	\$183,000	\$176,000	\$146,500	\$127,000	\$125,000
AMERICAN WATER SERVICES (Dedham)	0 48%	175,680	168,960	140,640	121,920	120,000
AMERICAN WATER SERVICES (Corp)	0 24%	87,840	84,480	70,320	60,960	60,000
AWW SERVICE COMPANY						
Voorhees	5 21%	1,906,860	1,833,920	1,526,530	1,323,340	1,302,500
Belleville, IL Lab (R)	0 75%	274,500	264,000	219,750	190,500	187,500
Hershey, PA Data Center (W)	1 03%	376,980	362,560	301,790	261,620	257,500
Richmond, IN Data Center (H)	0 09%	32,940	31,680	26,370	22,860	22,500
Western (L)	1 19%	435,540	418,880	348,670	302,260	297,500
Haddon Heights IS	0 39%	142,740	137,280	114,270	99,060	97,500
Northeast Region	0 60%	219,600	211,200	175,800	152,400	150,000
Southeast Region	1 20%	439,200	422,400	351,600	304,800	300,000
Indiana Region	0 52%	190,320	183,040	152,360	132,080	130,000
Illinois Region	0 95%	347,700	334,400	278,350	241,300	237,500
Alton, IL Call Center	3 65%	1,335,900	1,284,800	1,069,450	927,100	912,500
Shared Services	2 70%	988,200	950,400	791,100	685,800	675,000
Total AWW Service Company	18 28%	6,690,480	6,434,560	5,356,040	4,643,120	4,570,000
VIRGINIA - AM - EASTERN DISTRICT	0 12%	43,920	42,240	35,160	30,480	30,000
NEW JERSEY - AM	9 64%	3,528,240	3,393,280	2,824,520	2,448,560	2,410,000
PENNSYLVANIA - AM	19 84%	7,261,440	6,983,680	5,813,120	5,039,360	4,960,000
ILLINOIS - AM	7 37%	2,697,420	2,594,240	2,159,410	1,871,980	1,842,500
NORTHERN ILLINOIS - UNION***	0 74%	270,840	260,480	216,820	187,960	185,000
INDIANA - AM	6 66%	2,437,560	2,344,320	1,951,380	1,691,640	1,665,000
IOWA - AM	1 18%	431,880	415,360	345,740	299,720	295,000
MISSOURI - AM	11 48%	4,201,680	4,040,960	3,363,640	2,915,920	2,870,000
OHIO - AM	1 66%	607,560	584,320	486,380	421,640	415,000
CALIFORNIA - AM	3 77%	1,379,820	1,327,040	1,104,610	957,580	942,500
NEW MEXICO - AM	0 38%	139,080	133,760	111,340	96,520	95,000
ARIZONA - AM	2 19%	801,540	770,880	641,670	556,260	547,500
KENTUCKY - AM	2 47%	904,020	869,440	723,710	627,380	617,500
MARYLAND - AM	0 13%	47,580	45,760	38,090	33,020	32,500
TENNESSEE - AM	2 36%	863,760	830,720	691,480	599,440	590,000
VIRGINIA - AM	1 51%	552,660	531,520	442,430	383,540	377,500
WEST VIRGINIA - AM	6 18%	2,261,880	2,175,360	1,810,740	1,569,720	1,545,000
MICHIGAN - AM	0 10%	36,600	35,200	29,300	25,400	25,000
HAWAII	0 39%	142,740	137,280	114,270	99,060	97,500
LONG ISLAND - NONUNION	0 64%	234,240	225,280	187,520	162,560	160,000
LONG ISLAND - UNION**	1 69%	618,540	594,880	495,170	429,260	422,500
TOTAL SYSTEM	100 00%	\$36,600,000	\$35,200,000	\$29,300,000	\$25,400,000	\$25,000,000

* The allocation percentage for each company is equal to the ratio of valuation earnings for that company to total valuation earnings for the entire American system

** Based on January 1, 2003 Actuarial Report prepared by John Hancock

*** Based on April 1, 2003 data

**Interrogatories and Requests for Production
Of Documents by the
Chattanooga Manufacturers Association (First Set)
To Tennessee-American Water Company
Rate Case No. 04-00288**

- 4 Q Concerning the Company's pension expense estimate, please answer the following
- a. Please estimate the impact on pension expense, if all the economic factors relied on the actuarial study are held constant except the discount rate increased by one percentage point
 - b. What would be the impact on the pension expense if all the economic factors in the actuarial study are held constant, but the return on the assets is increased by 1%?
 - c. What would be the impact on the pension expense estimate if all the economic factors in the actuarial study are held constant, but the trust fund asset balance is increased by 10%?

RESPONSE:

The actuarially determined FAS 87 pension expense and ERISA contribution is determined for the entire American Water system, since it is one plan. The costs are then allocated to each subsidiary based on the level of participants and payroll. It would be very costly for TAWC to bear the entire cost of having the actuary run the "what if" scenarios requested in this question. As indicated on pages 5 & 6 of the attachment 1 of the response to question 3 the assumptions used in the actuarial analysis are based on the most current information for the long-term prospective and in compliance with Federal ERISA statutes, and could just as easily go up as down based on the updated actuarial analysis. The Company declines to absorb the substantial cost to comply with the "what ifs" requested in this question. The Company will have the 2004 actuarial analysis before the hearing in this case and will supply that analysis as soon as it is available.

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

5. Q. Comparing the actuarial study underlying the Company's pension expense estimate, please state what the trust fund asset balance was for the test year and the subsequent five-year period. Also estimate what the trust fund balance will be for the five-year period following the test year.

RESPONSE:

- A Pension actuarial information is not available on a test year ending March. The reports are based upon the twelve month information ending July. The latest report dated November 2003 showed an actuarial value of assets at July for the following years:

YEAR	AMOUNT
2002	\$315,635,049
2001	\$319,290,187
2000	\$482,781,216
1999	\$456,068,456
1998	\$426,606,560

No estimates exist for the trust fund balance for the five year period following the test year.

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

6. Q Please provide a copy of all annual reports for Tennessee-American Water Company over the period 2000 through 2004

RESPONSE:

Please see the response to Question 4 from TRA Set One, which provides the requested information for 2000-2003. The annual report for 2004 will not be completed until sometime near the end of the first quarter of 2005.

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

- 7 Q Please identify what the Company's capital structure has been over the period 2000 through 2004, and provide all supporting workpapers.

RESPONSE:

- A. Please see the schedule attached which is titled "Question 7-Attachment-PDF. The monthly capital structures were taken directly from the Financial Statement-Balance Sheets of TAWC

TENNESSEE AMERICAN WATER
CAPITALIZATION
JANUARY 2000 - NOVEMBER 2000

2000	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Common Stock	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235
Paid-In Capital	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958
Retained Earnings	14,997,131	15,305,828	15,230,287	15,593,657	15,970,410	15,784,180	16,322,903	16,819,098	16,403,137	16,749,893	17,046,184	16,003,435
Total Common Equity	33,533,324	33,842,021	33,766,480	34,129,850	34,506,603	34,320,373	34,859,096	35,355,291	34,939,330	35,286,086	35,582,377	34,539,628
Preferred Stock	1,553,000	1,553,000	1,553,000	1,553,000	1,553,000	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500
Long-Term Debt	43,472,768	43,471,008	43,469,234	43,467,444	43,465,642	43,462,857	43,460,050	43,457,220	38,454,369	38,451,495	38,448,598	38,445,701
Short-Term Debt	1,102,000	702,000	2,155,000	2,535,000	1,682,000	3,394,000	2,640,312	932,224	7,379,618	6,725,270	6,577,591	9,086,084
Total Capitalization	79,661,092	79,568,029	80,943,714	81,685,294	81,207,245	82,704,730	82,486,958	81,272,235	82,300,817	81,990,351	82,136,066	83,598,893
2001	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Common Stock	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235
Paid-In Capital	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958
Retained Earnings	16,179,231	16,334,676	15,919,829	16,076,816	16,451,943	16,393,240	16,769,778	17,067,451	16,709,077	16,903,954	17,103,674	16,559,387
Total Common Equity	34,715,424	34,870,869	34,456,022	34,613,009	34,988,136	34,929,433	35,305,971	35,603,644	35,245,270	35,440,147	35,639,867	35,095,580
Preferred Stock	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500
Long-Term Debt	38,442,758	38,439,792	43,536,780	43,533,767	43,530,729	43,526,701	43,522,640	43,518,546	43,514,421	43,506,072	43,506,072	43,501,848
Short-Term Debt	9,788,778	7,199,403	3,313,630	4,170,408	3,174,770	6,304,820	3,893,360	2,299,366	3,276,256	2,731,430	3,572,959	2,980,864
Total Capitalization	84,474,460	82,037,564	82,833,932	83,844,684	83,221,135	86,288,454	84,249,471	82,949,056	83,563,447	83,205,149	84,246,398	83,105,792
2002	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Common Stock	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235
Paid-In Capital	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958
Retained Earnings	16,627,946	16,731,864	16,419,457	16,591,279	16,869,599	17,045,208	17,465,034	17,934,242	17,651,679	17,911,268	18,073,834	17,286,945
Total Common Equity	35,164,139	35,268,057	34,955,650	35,127,472	35,405,792	35,581,401	36,001,227	36,470,435	36,187,872	36,447,461	36,610,027	35,823,138
Preferred Stock	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,502,000	1,502,000	1,502,000	1,502,000	1,476,500	1,476,500	1,476,500
Long-Term Debt	43,497,590	43,493,299	43,488,974	43,484,615	43,480,221	33,474,825	33,469,386	33,463,903	33,458,378	33,452,808	33,447,195	33,441,537
Short-Term Debt	2,266,829	3,075,822	3,186,613	4,564,511	4,920,026	14,731,254	15,416,772	12,732,007	13,143,122	12,350,734	11,989,329	13,468,687
Total Capitalization	82,455,858	83,364,678	83,158,737	84,704,098	85,333,539	85,289,480	86,389,385	84,168,345	84,291,372	83,727,503	83,523,051	84,209,872

TENNESSEE AMERICAN WATER
CAPITALIZATION
JANUARY 2000 - NOVEMBER 2004

2003	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Common Stock	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235
Paid-In Capital	4,781,958	4,781,958	4,781,958	4,781,958	4,781,958	4,783,398	4,783,398	4,783,398	4,783,398	4,783,398	4,783,398	4,783,398
Retained Earnings	17,195,214	17,531,834	17,562,978	17,379,799	17,643,885	17,604,939	17,861,114	18,058,752	18,069,212	18,417,421	18,474,952	18,523,359
Total Common Equity	35,731,407	36,068,027	36,099,171	35,915,992	36,180,078	36,142,572	36,398,747	36,596,385	36,606,845	36,955,054	37,012,585	37,060,992
Preferred Stock	1,476,500	1,476,500	1,476,500	1,453,940	1,453,940	1,427,000	1,427,000	1,427,000	1,435,000	1,435,000	1,435,000	1,435,000
Long-Term Debt	33,435,836	33,430,088	33,424,295	33,418,456	33,412,572	24,406,318	24,400,013	24,387,257	24,387,257	24,380,803	24,374,297	24,367,741
Short-Term Debt	13,945,496	13,051,452	12,655,425	13,077,022	14,692,086	23,435,513	24,320,368	23,991,746	23,003,535	22,519,723	20,296,915	22,638,956
Total Capitalization	84,589,239	84,026,067	83,655,391	83,865,410	85,738,676	85,411,403	86,546,128	86,402,388	85,432,637	85,290,580	83,118,797	85,502,689

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Common Stock	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235	13,754,235
Paid-In Capital	4,783,398	4,783,398	4,783,398	4,783,398	4,783,398	4,788,768	4,788,768	4,788,768	4,788,768	4,788,768	4,788,768	4,788,768
Retained Earnings	18,691,929	18,615,581	17,918,214	18,060,930	18,233,081	18,666,151	19,079,510	19,364,443	19,130,023	19,455,185	19,535,053	19,535,053
Total Common Equity	37,229,562	37,153,214	36,455,847	36,598,563	36,770,714	37,209,154	37,622,513	37,907,446	37,673,026	37,998,188	38,078,056	38,078,056
Preferred Stock	1,435,000	1,435,000	1,435,000	1,435,000	1,422,470	1,399,600	1,399,600	1,399,600	1,399,600	1,399,600	1,399,600	1,399,600
Long-Term Debt	24,361,132	24,354,471	43,347,758	43,347,758	43,334,170	43,327,917	43,321,613	43,321,613	43,306,346	43,299,253	43,292,102	43,292,102
Short-Term Debt	21,402,736	22,339,230	5,676,915	5,500,880	5,066,624	6,340,978	5,913,260	3,810,585	3,773,734	3,040,931	2,132,813	2,132,813
Total Capitalization	84,428,430	85,281,915	86,915,520	86,882,201	86,592,978	88,277,649	88,256,986	86,439,244	86,152,706	85,737,972	84,902,571	84,902,571

Source Unaudited Monthly Balance Sheets

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

- 8 Q. Please describe the Company's process for senior management approval of all capital expenditure projects greater than \$500,000

RESPONSE:

The project is developed by the local management of TAWC and submitted to the regional and corporate director of engineering. Once that approval is granted it is approved by the President of TAWC. The annual capital/construction budget is then approved by the TAWC Board of Directors. Once construction has begun, if it becomes apparent that a project as described above will overrun the estimate, a revised IP (Investment Project) is generated indicating the increased costs and the reasons for the increase. The revised IP then goes through the same process as described previously in this answer

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

8. Q. Please describe the Company's process for senior management approval of all capital expenditure projects greater than \$500,000.

RESPONSE:

- A The project is developed by the local management of TAWC and submitted to the regional and corporate director of engineering. Once that approval is granted it is approved by the President of TAWC. The annual capital/construction budget is then approved by the TAWC Board of Directors. Once construction has begun, if it becomes apparent that a project as described above will overrun the estimate, a revised IP (Investment Project) is generated indicating the increased costs and the reasons for the increase. The revised IP then goes through the same process as described previously in this answer.

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

- 9 Q. Please identify all projected capital expenditures reflected in the test year, and for each project greater than \$500,000 please provide verification that it has met the the Company's policy for management approval of large capital improvement projects. For each project has not yet received management approval, please estimate when management approval is likely to be granted

RESPONSE:

- A. All of the following listed projects are either a normal recurring line items or an investment project both of which would have been included in the responses to TRA Set I, questions 50 through 52. Specifically, those projects greater than \$500,000 in the test year would include

<u>Investment Project or Line Item Number</u>	<u>Description</u>
26020081	Network – Replacement Renewal
26020086	Services – New
20620088	Meters – New
26020205	TDOT – I75, Signal Mtn. Road, Hickory Valley Rd
26020403	Security Physical Hardening and Exterior Lighting

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

10. Q Concerning the Company's projected increased fuel and power expense, please provide a detailed description of how the Company arrived at the increased expense reflected in the filing and all corroborating evidence supporting the calculations of the increased fuel and purchased power expense

RESPONSE:

- A. The Company projected its system delivery and water sales and applies the current rates charged to arrive at its new costs. Please refer to the attached schedules for the supporting calculations.

To Income Statement File
Operation & Maintenance Tab

	<u>Normalized</u>	<u>Attrition</u>
TOTAL BOOSTER STATION FUEL & POWER COST	815,202	817,130
CITICO STATION POWER COST	936,724	938,550
	1,751,926	1,755,680

TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR

ATTRITION
YEAR

TOTAL BOOSTER STATION FUEL
& POWER COST

5817 130

CITICO STATION POWER COST

938 550

51,755,680

TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR

CITICO STATION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
SYSTEM DELIVERY - 04 BUDGET	906 511	1 097 352	1 333 361	1 057 216	1 181 237	1 462 266	1 201 954	1 286 498	1 400 446	1 146 004	1 151 823	1 378 763	14 603 451
ADJUSTMENT FOR ATTRITION YEAR	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	
ADJUSTED SYSTEM DELIVERY	879 189	1 064 255	1 393 145	1 023 329	1 145 610	1 418 163	1 165 702	1 247 696	1 358 207	1 111 439	1 117 083	1 337 178	14 162 996
KWH PER THOUSAND GALLON	1 172	1 000	1 092	1 200	1 154	1 030	1 200	1 376	1 035	1 192	1 204	1 282	
TOTAL KWHs	1 030 410	1 064 255	1 412 114	1 230 395	1 372 034	1 460 708	1 398 842	1 716 830	1 403 744	1 324 835	1 344 968	1 714 262	16 422 397
RATES													
CUSTOMER CHARGE	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	
FIRST 15,000 KWH IN CENTS	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$155
OVER 15,000 KWH IN CENTS	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59	\$3 59
CALCULATED BILL													
CUSTOMER CHARGE	155	155	155	155	155	155	155	155	155	155	155	155	1 860
FIRST 15,000 KWH IN CENTS	539	539	539	539	539	539	539	539	539	539	539	539	6 469
OVER 15,000 KWH IN CENTS	36 494	37 710	50 212	43 681	46 975	51 959	49 735	61 164	49 983	47 075	47 999	61 071	533 860
TOTAL	37 188	38 404	50 906	44 375	47 669	52 653	50 429	61 828	50 677	47 770	48 493	61 766	592 189
TAX AT 1.5 %	558	576	764	666	715	790	756	928	760	717	727	926	8 883
TOTAL COST	\$37 746	\$38 980	\$51 670	\$45 041	\$48 384	\$53 443	\$51 185	\$62 786	\$51 437	\$48 487	\$49 220	\$62 692	\$601 072
TOTAL DEMAND - 04 BUDGET	2 324	2 399	2 264	2 063	2 399	2 554	2 941	2 941	2 728	2 690	2 356	2 180	29 839
RATES													
FIRST 50 KWD	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	
NEXT 950 KWD	10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27	\$10 27
NEXT 1500 KWD	11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73
OVER 2500 KWD	11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73	\$11 73
CALCULATED BILL													
FIRST 50 KWD	\$114	\$514	\$514	\$514	\$514	\$514	\$514	\$514	\$514	\$514	\$514	\$514	6 162
NEXT 950 KWD	9 757	9 757	9 757	9 757	9 757	9 757	9 757	9 757	9 757	9 757	9 757	9 757	117 078
NEXT 1500 KWD	13 531	16 410	14 827	12 469	16 410	17 595	17 595	17 595	17 595	17 595	15 906	13 841	193 369
OVER 2500 KWD	0	0	0	0	0	633	5 173	5 173	2 674	2 229	0	0	15 882
TOTAL	25 801	26 680	25 097	22 739	26 680	28 498	33 038	33 038	30 539	30 094	26 176	24 111	332 491
TAX AT 1.5 %	387	400	376	341	400	427	406	496	458	451	393	362	4 987
TOTAL COST	\$26 188	\$27 080	\$25 473	\$23 080	\$27 080	\$28 925	\$33 534	\$33 534	\$30 997	\$30 545	\$26 569	\$24 473	\$337 478
GRAND TOTAL	\$63 933	\$66 061	\$77 143	\$68 121	\$75 464	\$82 368	\$84 719	\$96 320	\$82 435	\$79 031	\$75 789	\$87 165	\$938 550

TENNESSEE AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
BOOSTER STATIONS													
KWHFS 04 BUDGET	703 886	769 964	943 097	753 463	1 096 118	1 254 055	1 330 133	1 491 112	1 016 546	832 183	939 882	846 619	11 999 058
ADJUSTMENT FOR ATTRITION YEAR	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	0 969 839	
ADJUSTED KWH	684 596	746 741	914 632	730 738	1 065 038	1 216 231	1 290 015	1 446 139	985 886	826 480	911 534	821 084	11 637 154
COSTS PER KWH PER TIE													
2004 BUDGET	\$0 0603	\$0 0596	\$0 0538	\$0 0583	\$0 0510	\$0 0492	\$0 0516	\$0 0502	\$0 0565	\$0 0596	\$0 0549	\$0 0577	
TOTAL KWH COST	\$41 414	\$44 495	\$49 252	\$42 575	\$54 171	\$59 786	\$66 587	\$72 580	\$55 696	\$49 250	\$50 045	\$47 396	\$633 247
TOTAL KWD	1 812	1 904	1 781	1 787	1 823	1 802	2 725	2 274	2 151	2 070	1 895	1 885	23 409
COSTS PER KWD PER TIE													
2004 BUDGET	\$7 3343	\$7 6500	\$7 5076	\$7 5217	\$7 4062	\$7 5204	\$8 0487	\$8 1967	\$8 1063	\$8 1073	\$7 7022	\$7 9242	
TOTAL KWD COST	\$13 652	\$14 566	\$13 371	\$13 441	\$13 502	\$13 552	\$17 908	\$18 639	\$17 437	\$16 782	\$14 596	\$14 937	\$182 383
TOTAL ELECTRIC COST	\$53 066	\$59 061	\$62 623	\$56 016	\$67 673	\$73 338	\$84 495	\$91 219	\$73 133	\$66 032	\$64 641	\$62 333	\$815 630
DIESEL FUEL PER TIE													
2004 BUDGET	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$1 500
TOTAL BOOSTER STATION FUEL & POWER COST	\$55 191	\$59 186	\$62 748	\$56 141	\$67 798	\$73 463	\$84 620	\$91 344	\$73 258	\$66 157	\$64 766	\$62 458	\$817 130
TOTAL STATION DELIVERY - BUDGET	482 112	590 638	747 479	587 099	851 724	934 930	961 163	1 115 357	706 932	634 375	736 145	606 693	8 954 669
TOTAL KWHFS BUDGET	703 886	769 964	943 097	753 463	1 096 118	1 254 055	1 330 133	1 491 112	1 016 546	832 183	939 882	846 619	11 999 058
BOOSTER COSTS PER 04 BUDGET	42 702	41 879	50 784	43 899	55 856	61 645	68 657	74 837	57 428	50 782	51 601	48 870	652 940
KWH COST PER 04 BUDGET	\$0 0603	\$0 0596	\$0 0538	\$0 0583	\$0 0510	\$0 0492	\$0 0516	\$0 0502	\$0 0565	\$0 0596	\$0 0549	\$0 0577	
KW DEMAND BUDGET	1 812	1 904	1 781	1 787	1 823	1 802	2 225	2 274	2 151	2 070	1 895	1 885	23 409
KWD COST PER 04 BUDGET	13 652	14 566	13 371	13 441	13 502	13 552	17 908	18 639	17 437	16 782	14 596	14 937	182 383
KWH COST PER KWD	\$7 3343	\$7 6500	\$7 5076	\$7 5217	\$7 4062	\$7 5204	\$8 0487	\$8 1967	\$8 1063	\$8 1073	\$7 7022	\$7 9242	

TENNESSEE - AMERICAN WATER COMPANY
FUEL & POWER
ATTRITION TEST YEAR

SYSTEM DELIVERY - '04 BUDGET	14 603 451	
SYSTEM DELIVERY - ATTRITION YEAR	14 163 002	Adj Factor 96.931900%
SALES - ATTRITION YEAR	11 129 570	
SALES - TEST YEAR	10 969 934	
SYSTEM DELIVERY - TEST YEAR	13 959 898	
RATIO SALES / SYSTEM DELIVERY	78.52%	

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

11. Q Concerning the Company's projected increased chemical expense reflected in its filing, please provide a detailed explanation supporting the Company's expected increased chemical expense and all workpapers and corroborating evidence supporting the Company's assumption in driving this expense projection.

RESPONSE:

- A. The Company projected its system delivery and water sales and applies the current rates charged to arrive at its new costs. Please refer to the attached schedules for the supporting calculations

From Bill Analysis

Water Sales 3/31/04 (CCF)

14,100,058

Normalized Sales (CCF)

13,829,708

Attrition Sales (CCF)

13,874,919

To Income Statement file

Operation & Maintenance Tab

Chemicals

Normalized
859,408

Attrition

861,861

Based on CCF

Tennessee-American Water Company

Chemical Usage and Costs April 2003 - March 2004

<u>Chemical</u>	Test Yr	Current	
		<u>Usage</u>	<u>Price/Lb</u>
Polyaluminum Chloride			
Chlorine	2,377,813	0.1678	398,997
Fluoride	553,138	\$0.1135	62,781
Caustic	563,305	0.0645	36,333
Corrosion Inhibitor	415,120	0.1336	55,460
Filter Aid	492,305	0.1940	95,507
Powdered Carbon	3,802	1.9500	7,414
GAC	0	0.3886	
	269,085		269,085
Total	4,674,568		<u>925,577</u>

Tennessee American Water Company

Chemicals

Test Year Ended 7/31/02

	12 Months ended 3/31/2004 (CCF)	Normalized Year (CCF)	Attrition Year (CCF)
Water Sales	14,100,058	13,829,208	13,874,919
Non-Revenue Usage	1,047,220	1,047,220	1,047,220
Unaccounted For	3,522,283	3,025,411	3,034,707
Total	18,669,561	17,901,839	17,956,846

Chemical Name	Cost at Current Prices Based on Test Year Sys Delivery	Average Cost Per CCF	Cost Based on Average Cost per CCF on Normalized Sys Delivery	Cost Based on Average Cost per CCF on Attrition Year Sys Delivery
Polyaluminum Chloride	398,997	0.02137	382,590	383,765
Chlorine	62,781	0.00336	60,199	60,384
Fluoride	36,333	0.00195	34,839	34,946
Caustic	55,460	0.00297	53,179	53,343
Corrosion Inhibitor	95,507	0.00512	91,580	91,861
Filter Aid	7,414	0.00040	7,109	7,131
Powdered Carbon	-	0.00000	-	-
GAC	269,085	0.01441	258,020	258,813
Total	925,577		887,516	890,243

Tennessee American Water Company
Chemicals

Fest Year Ended 7/31/02

<u>Chemical Name</u>	<u>Cost Based</u>		<u>ATTRITION</u>		<u>Adjusted</u>	
	<u>on Average</u>		<u>YEAR</u>		<u>Attrition</u>	
	<u>Cost per CCF on</u>		<u>ADJUSTMENTS</u>		<u>Year Cost</u>	
	<u>Attrition Year</u>	<u>Sys Delivery</u>				
Polyaluminum Chloride	383,765				383,765	
Chlorine	60,384				60,384	
Fluoride	34,946				34,946	
Caustic	53,343				53,343	
Corrosion Inhibitor	91,861				91,861	
Filter Aid	7,131				7,131	
Powdered Carbon	0				0	
BAC	258,813				258,813	
Total	890,243			0		890,243

Tennessee-American Water Company
Chemical Usage and Costs April 2003 - March 2004

Pounds	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Total
Polyaluminum Chloride	98936	145400	100433	1250084	108450	88970	81977	85449	96151	107108	104865	109990	2,377,813
Chlorine	46250	54865	50160	56200	57605	51133	41362	40800	41800	36977	35523	40463	553,138
Fluoride	43429	47215	46569	50531	57501	51180	47761	43268	44811	43110	39805	48125	563,305
Caustic	15065	76510	51551	63269	31911	64373	41806	12022	7225	4242	18064	29082	415,120
Corrosion Inhibitor	38780	41417	45083	47644	53747	46980	44551	37096	32017	42887	26874	35229	492,305
Filter Aid	200	150	75	75	75	30	55	378	588	725	763	688	3,802
Powdered Carbon	0	0	0	0	0	0	0	0	0	0	0	0	0
GAC	22401	22401	22401	22401	22401	22401	22401	22401	22401	22492	22492	22492	269,085

Cost

Polyaluminum Chloride	\$16,324	\$23,991	\$16,571	\$206,264	\$17,894	\$14,680	\$13,526	\$14,099	\$15,865	\$16,987	\$16,632	\$17,444	\$390,279
Chlorine	\$8,001	\$9,492	\$8,678	\$9,723	\$9,966	\$8,846	\$7,156	\$7,058	\$7,231	\$5,879	\$5,648	\$6,434	\$94,111
Fluoride	\$2,753	\$2,993	\$2,952	\$3,204	\$3,646	\$3,245	\$3,028	\$2,743	\$2,841	\$2,742	\$2,532	\$3,061	\$35,740
Caustic	\$1,160	\$5,891	\$3,969	\$4,872	\$2,457	\$4,957	\$3,219	\$926	\$556	\$218	\$927	\$1,492	\$30,644
Corrosion Inhibitor	\$6,461	\$6,900	\$7,511	\$7,937	\$8,954	\$7,827	\$7,422	\$6,180	\$5,334	\$5,944	\$3,725	\$4,883	\$79,078
Filter Aid	\$320	\$240	\$120	\$120	\$120	\$48	\$88	\$605	\$941	\$1,124	\$1,183	\$1,066	\$5,974
Powdered Carbon													\$0
GAC	\$22,401	\$22,401	\$22,401	\$22,401	\$22,401	\$22,401	\$22,401	\$22,401	\$22,401	\$22,492	\$22,492	\$22,492	\$269,085
Total	\$57,421	\$71,908	\$62,203	\$254,520	\$65,438	\$62,003	\$56,840	\$54,012	\$55,169	\$55,386	\$53,137	\$56,872	\$904,911

Cost/Lb

Polyaluminum Chloride	\$0 1650	\$0 1650	\$0 1650	\$0 1650	\$0 1650	\$0 1650	\$0 1650	\$0 1650	\$0 1650	\$0 1586	\$0 1586	\$0 1586	\$0 1634
Chlorine	\$0 1730	\$0 1730	\$0 1730	\$0 1730	\$0 1730	\$0 1730	\$0 1730	\$0 1730	\$0 1730	\$0 1590	\$0 1590	\$0 1590	\$0 1695
Fluoride	\$0 0634	\$0 0634	\$0 0634	\$0 0634	\$0 0634	\$0 0634	\$0 0634	\$0 0634	\$0 0634	\$0 0636	\$0 0636	\$0 0636	\$0 0635
Caustic	\$0 0770	\$0 0770	\$0 0770	\$0 0770	\$0 0770	\$0 0770	\$0 0770	\$0 0770	\$0 0770	\$0 0513	\$0 0513	\$0 0513	\$0 0706
Corrosion Inhibitor	\$0 1666	\$0 1666	\$0 1666	\$0 1666	\$0 1666	\$0 1666	\$0 1666	\$0 1666	\$0 1666	\$0 1386	\$0 1386	\$0 1386	\$0 1596
Filter Aid	\$1 6000		\$1 6000	\$1 6000	\$1 6000	\$1 6000	\$1 6000	\$1 6000	\$1 6000	\$1 5500	\$1 5500	\$1 5500	\$1 5864
Powdered Carbon*													
GAC													

Costs to be approximately \$18000 00

All chemical contracts run from January 1, 2004 through December 31, 2004 The current rates are listed below

Chemical	Cost/lb
Polyaluminum Chloride	0.1678
Chlorine	0.1135
Fluoride	0.0645
Caustic	0.1136 (dry weight)
Corrosion Inhibitor	0.1940
Filter Aid	1.9500

Powdered Carbon 0.2950 (This is the cost for the current year. The carbon that is inventory was purchased at \$0.4822)
GAC The GAC costs are monthly lease which is adjusted annually based on the filters that are regenerated

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

- 12 Q Concerning the Company's projected increase in miscellaneous expense, provide a detailed explanation of all the major components underlying this projected increased expenses of documents corroborating the Company's projected for the expected expense

RESPONSE:

- A. The Company has made specific adjustments to the following costs

Reduction of temporary employee expense	\$(18,671)
Increase of business service cost to reflect full year	47,116
Increase cost of transportation expense	9,570
Reduction in ESOP Contribution	(16,062)
Reduction in 401K Contribution	(8,324)

All remaining line item amounts were increased using an inflation factor. Please refer to the attached schedule for the supporting calculations

TENNESSEE ICAH WATER COMPANY
MISCELLANEOUS EXPENSE

Account Number	Description	Year End 03/04 Amount	Normalized Adjustment	Normalized Amount	Less ESOP 401 (K) Postage 643 1	Net Subject to Inflation	3 300% Inflation Adjustment	Add Back ESOP 401 (K) Postage 643 1	Add Miscellaneous Expenses	Total Miscellaneous Expense for the Attribution Year
6201-6751	SS OPERATION EXPENSE									
6201	MISC PUMPING EXPENSES-CURRENT	0		0		0				0
6751	PUMPING EXPENSES ELECTRIC	0		0		0				0
6751	MISC PUMPING EXP ELECTRIC	0		0		0				0
6753	GENERAL WT EXPENSES	47		47		47	2			49
6753	MISC WT EXPENSES-CURRENT	72 054		72 054		72 054	2 378			74 432
6755	T&D LINES EXPENSE	96 946		96 946		96 946	3 199			100 145
6755	MISC METER EXPENSES	5 417		5 417		5 417	179			5 596
6755	MISC T&O EXPENSES-CURRENT	4 937		4 937		4 937	163			5 100
6328	AUDITING SERVICES	120 374		120 374		120 374	3 972			124 346
6338	LEGAL SERVICES	20 334		20 334		20 334	671			21 005
6354-6355	OTHER SERVICES	44 112		44 112		44 112	1 456			45 568
6758	INJURIES & DAMAGES EXP	363 556	(18 671)	344 885		344 885	11 381			356 266
6048	OTHER WELFARE EXPENSES	10 867		10 867		10 867	359			11 226
6048	ESOP CONTRIBUTIONS EXPENSE	51 360		51 360		51 360	1 695			53 055
6048	401 - K CONTRIBUTIONS EXPENSE	39 525		39 525	(39 525)	0		39 525	(18 062)	23 463
6608	INSTITUT & GOODWILL AD EXP	80 579		80 579	(80 579)	0		80 579	(8 324)	72 255
6758	MISC GENERAL EXP-CURRENT	0		0		0				0
6758	OPERATN AG MISC GEN AMORTZ (SCH M)	378 113	47 116	425 229		425 229	14 033			439 262
6758	RESEARCH & DEV-SERVICE CO	0		0		0				0
6758	OPERATN AG MISC LOBBYING EXPENSE	0		0		0				0
6501-6508	TRANSPORTATION									
6758	MISC GEN EXP-DIRECTORS FEES	275 709	9 570	285 279		285 279	9 414			294 693
6758	MISC GEN EXP-DIRECTORS EXPENSES	11 000		11 000		11 000	363			11 363
6758	MISC GENERAL - DUES & MEMB	3 731		3 731		3 731	123			3 854
6758	PENALTIES NONDEDUCT	19 152		19 152		19 152	632			19 784
6758	MISC GENERAL - TAXABLE CO	171		171		171	6			177
		320		320		320	11			331
	TRUSTEE FEES	1 598 304	38 015	1 636 319	(120 104)	1 516 215	50 037	120 104	(24 386)	1 661 970

Amortization of Transition Costs for Shared Services and Call Center 123 210

Security Costs
\$12 960 per month
Amortization of 9/30/02 Bal
155 520
82 754
238 274

Cost of temporary associates eliminated

Per Compliance Audit, social club, country club and other expenses not related to utility's operation should be recorded below the line
Adjustments were made in 2002 to correct these costs

Transportation expense increased by \$9,570 per email received from Tom Bailey

business service project

8716	3063
12	12
104592	36756
	141348
4	4
34864	12252
	47116

6896 166667
105864
48279
154143
84 131

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

- 13 Q. Please provide a copy of all agreements between Tennessee-American Water Company and American Services Company concerning the provision of the following services:
- a. Information systems,
 - b. Customer service expense;
 - c. Engineering support services,
 - d. Treasury services;
 - e. Administrative services; and
 - f. All other services.

RESPONSE:

- A All the services provided (the services mentioned in a – f above) by American Water Works Service Co., Inc are provided under the 1989 Service Company Contract which was approved by the TRA (Tennessee PSC). The 1989 Service Company Contract is attached and titled Question #13 – Attachment.

REC'D TN. PUBLIC
SERVICE COMM.

1989 SEP 28 PM 3:03 AGREEMENT

OFFICE OF THE
EXEC.

Agreement dated January 1, 1989, between AMERICAN WATER WORKS SERVICE COMPANY, INC., a Delaware corporation (hereinafter "Service Company"), and TENNESSEE-AMERICAN WATER COMPANY, a Tennessee corporation (hereinafter "Water Company").

The background of this Agreement is that:

1. Both Service Company and Water Company are subsidiaries of American Water Works Company, Inc., a Delaware corporation (hereinafter "American").
2. Water Company has been organized for and is presently engaged in the business of providing potable water as a public utility in the State of Tennessee.
3. Service Company maintains an organization whose officers and employees are familiar with all facets of the water utility business, including the development, business and property of Water Company, and are experienced in the efficient management, financing, accounting and operation of water utility properties and the extension and improvement thereof. The officers and employees of Service Company are qualified to aid, assist and advise Water Company in its business operations through the services to be performed under this Agreement.
4. Service Company has provided administrative and operating services to Water Company for many years, the past 17 years pursuant to an agreement dated January 1,

1971. Because Water Company is of the opinion that it cannot obtain the same quality and diversification of services on a comparable economic basis elsewhere, it proposes to enter into a new agreement with Service Company more specifically defining the types of services available to it.

5. Service Company has entered or proposes to enter into agreements similar to this agreement with other affiliated water companies (hereinafter collectively "Water Companies").

6. The services to be rendered under this agreement are to be rendered by Service Company to Water Companies at their cost to Service Company, as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the Water Company and Service Company agree that:

ARTICLE 1. PERSONNEL AND SERVICES TO BE PROVIDED

1.1 During the term of this agreement and upon the terms and conditions hereinafter set forth, Service Company shall provide corporate guidance for Water Company. In addition to the guidance provided by the officers and employees of Service Company through the coordination of functional activities for all subsidiaries of American, the officers and employees of Service Company shall furnish and Water Company shall purchase from Service Company, the following services: Accounting, Administration, Communication, Corporate Secretarial, Engineering, Financial, Human Resources,

Information Systems, Operation, Rates and Revenue, Risk Management and Water Quality, together with such other services as Water Company and Service Company may agree; provided, however, that Water Company may perform the service with its own personnel or engage another company or person to provide those services on its behalf. Service Company by mutual consent may engage another Company or person to provide such services on its behalf.

1.2 Service Company shall employ qualified officers and employees and those persons shall be available for election by Water Company to serve as officers of Water Company.

1.3 Without limitation, services to be provided by the Service Company shall be rendered as follows:

A. Accounting: Service Company shall assist in the preparation and implementation of accounting methods and procedures to determine that they conform fully to the requirements, rules and regulations of governmental authorities having jurisdiction and review Water Company's monthly financial reports, annual reports and other reports to stockholders and to any governmental authorities. It shall advise and assist in the establishment and maintenance of current record keeping techniques; review accounting procedures, methods and forms; and evaluate systems of internal control for receipt and disbursement of funds, materials and supplies, and other assets. Service Company shall maintain accounting records as required by Water Company. When appropriate, Service Company shall cooperate and consult with Water Company's independent certified public accountants.

Service Company shall assist in the preparation of operating and construction budgets and monitor the control over such budgets by comparing experienced costs to the projections.

--- Service Company shall prepare or assist in the preparation of federal, state and local tax returns for and to the extent required by Water Company.

B. Administration: Service Company shall make qualified employees available to perform or assist in the performance of Water Company's corporate activities. Those employees shall keep themselves informed on all aspects of Water Company's operations and shall regularly visit Water Company's facilities. They shall make recommendations to Water Company for operating expenditures and for additions to and improvements of property, plant and equipment. They shall keep abreast of economic, regulatory, governmental and operational developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Service Company shall provide an internal audit staff for periodic audits of accounts, records, policies and procedures of Water Company and submit reports thereon.

C. Communications: Service Company shall recommend procedures to promote satisfactory relations with employees, customers, communities and the general public and assist in the preparation of communication materials, (including press releases, brochures, audio visual presentations and speeches) plant tours, public exhibits and displays and other related services to inform the public.

D. Corporate Secretarial: Service Company shall maintain, in such places and manner as may be required by applicable law, documents of Water Company, such as minute books, charters, by-laws, contracts, deeds and other corporate records, and shall administer an orderly program of records retention. It shall maintain, or arrange for the maintenance of, records of stockholders of Water Company, prepare or arrange for the preparation of stock certificates, perform duties relating to the transfer of stock and perform other corporate secretarial functions as required including preparation of notices of stockholder and director meetings and the minutes thereof.

Service Company shall review and may assist in the preparation of documents and reports required by Water Company such as deeds, easements, contracts, charters, franchises, trust indentures and regulatory reports and filings.

E. Engineering: Service Company shall advise, and provide engineering services to assist Water Company in planning for, operating, maintaining and constructing its facilities.

It shall conduct distribution system surveys and hydraulic analyses and prepare or review maps, charts, operating statistics, reports and other pertinent data.

It shall assist Water Company in the proper maintenance and protection of Water Company properties by periodic inspection of its structures, tanks, reservoirs, dams, wells and electrical and mechanical equipment.

The engineering services provided by Service Company shall also include the conduct of field investigations as necessary to

obtain engineering information and, when required, the preparation of studies, reports, designs, drawings, cost estimates, specifications, and contracts for the construction of additions to or improvements of Water Company's source of supply, treatment plant, pumping stations, distribution system, and such other facilities as Water Company may request. Service Company shall provide a Materials Management Program to arrange for the purchase of equipment, materials, and supplies in volume on a basis advantageous to Water Company and assist in the evaluation of new and existing products and application procedures.

F. Financial: Service Company shall assist in the development and implementation of financing programs for Water Company, including the furnishing of advice from time to time on securities market conditions and the form and timing of financing; advise concerning arrangements for the sale of its securities; and assist in the preparation of necessary papers, documents, registration statements, prospectuses, petitions, applications and declarations. It shall prepare reports to be filed with, and reply to inquiries made by, security holders and bond and mortgage trustees.

Service Company shall assist Water Company in cash management including arrangements for bank credit lines, establishment of collection policies, and development of temporary investment programs.

Service Company shall provide assistance to Water Company in the preparation of all financial reports.

G. Human Resources: Service Company shall assist in obtaining qualified personnel for Water Company; in establishing appropriate rates of pay for those employees; and in negotiating with bargaining units representing Water Company employees. It shall carry out training programs for the development of personnel and advise and assist Water Company regarding personnel. It shall also advise and assist Water Company in regard to group employee insurance, pension and benefit plans and in the drafting or revising of those plans when required. It will keep Water Company apprised of all employment laws and develop procedures and controls to assure compliance.

H. Information Systems: Service Company shall make available to Water Company electronic data processing services. Those services shall include customer billing and accounting, preparation of financial statements and other reports including those required by Federal and State agencies.

I. Operation: Service Company shall develop and assist in the implementation of operating procedures to promote the efficient and economic operation of Water Company. Periodic operational reviews will be performed by Service Company personnel and any deviations from adopted procedures will be reported to Water Company.

J. Rates and Revenue: Service Company personnel shall make recommendations for changes in rates, rules and regulations and shall assist Water Company in the conduct of proceedings before, and in its compliance with the rulings of, regulatory bodies having jurisdiction over its operation. These personnel

shall keep abreast of economic and regulatory developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. --Rates and Revenue personnel shall assist in the preparation of rate filings or applications and the supporting documents and exhibits requested or required by the Water Company and their respective regulatory commissions. Service Company shall also provide qualified personnel to testify on Water Company's behalf as required during any regulatory proceedings.

K. Risk Management: Service Company shall provide a Risk Management Program to review the exposures to accidental loss of the Water Company, recommend efficient methods of protection either through the purchase of insurance, self-insurance or other risk management techniques and arrange for the purchase of insurance coverage. It shall also supervise investigation procedures; review claims; and negotiate and assist in, and evaluate proposals for, settlement at the request of Water Company. It shall assist in the establishment of safety and security programs to avoid or minimize risk and loss.

L. Water Quality: Service Company shall assist Water Company to comply with standards of governmental agencies and establish and attain water quality objectives of the Water Company. It shall assist in providing design criteria for processes, coordinating with public agencies, developing approaches and solutions to water quality problems, and providing

technical assistance and general direction for Water Company personnel.

It shall also provide laboratory services for programmed analyses as required by drinking water regulations, and special analyses as required by Water Company.

ARTICLE II. PAYMENT FOR SERVICES

2.1 In consideration for the services to be rendered by Service Company as hereinabove provided, Water Company agrees to pay to Service Company the cost thereof determined as provided in this Article II and in Article III.

2.2 All costs of service rendered by Service Company personnel for Water Company or in common with other Water Companies shall be charged to Water Company based on actual time spent by those personnel as reflected in their daily time sheets or other mutually acceptable means of determination.

2.3 All costs of Service Company incurred in connection with services rendered by Service Company which can be identified and related exclusively to Water Company, shall be charged directly to Water Company.

2.4 All costs incurred in rendering services to Water Company in common with similar services to other Water Companies which cannot be identified and related exclusively to services rendered to a particular Water Company, shall be allocated among all Water Companies so served, or, in the case of costs incurred with respect to services rendered to a particular group of Water

Companies, among the members of such group, based on the number of customers served at the immediately preceding calendar year end.

2.5 Cost for support personnel (secretaries, clerical personnel, clerks, messengers, telephone operators, mail clerks, and other incidental support personnel of the Service Company) as well as the cost of lease payments, depreciation, utilities and other costs associated with leasing office space and equipment by Service Company shall be allocated among the Water Companies on the basis of the proportion of the aggregate cost allocated under Sections 2.3 and 2.4.

ARTICLE III. ALLOWANCE FOR OVERHEAD

3.1 In determining the cost to be assessed by Service Company for the rendering of services to Water Company as herein provided, there shall be added to the salaries of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the general overhead of Service Company, as defined below, properly allocable thereto. Such percentage shall be calculated each month and shall be the ratio of the total general overhead of the Service Company for the month to the total salaries of the employees for whose service charges are to be made to the Water Companies. No general overhead of Service Company shall be added to costs incurred for services of non-affiliated consultants employed by Service Company.

3.2 The term "general overhead" shall include:

- (a) pension and insurance premiums paid for the benefit of Service Company employees,

- (b) legal and other fees for services rendered to the Service Company,
- (c) taxes,
- (d) other general office supplies and other similar expenses, and
- (e) interest on working capital.

ARTICLE IV. BILLING PROCEDURES AND BOOKS AND RECORDS

4.1 As soon as practicable after the last day of each month, Service Company shall render a bill to Water Company for all amounts due from Water Company for services and expenses for such month plus an amount equal to the estimated cost of such services and expenses for the current month, all computed pursuant to Articles II and III. Such bill shall be in sufficient detail to show separately the charge for each class of service rendered. All amounts so billed shall reflect the credit for payments made on the estimated portion of the prior bill and shall be paid by Water Company within a reasonable time after receipt of the bill therefore.

4.2 Service Company agrees to keep its books and records available at all times for inspection by representatives of Water Company or by regulatory bodies having jurisdiction over Water Company.

4.3 Service Company shall at any time, upon request of Water Company, furnish any and all information required by Water Company with respect to the services rendered by Service Company

hereunder, the costs thereof, and the allocation of such costs among Water Companies.

ARTICLE V. OTHER AGREEMENTS

5.1 It is understood by Water Company that Service Company has entered or may enter into similar agreements with other Water Companies that are affiliated with American to which similar services are to be furnished. Service Company will not enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

5.2 It is understood by Water Company that Service Company has entered or may enter into an agreement or agreements with American and certain other companies not engaged in the water or sewer service business to which limited services are to be furnished; Water Company consents to such additional agreements, provided, however, that no part of the cost of furnishing such services will be charged to Water Company.

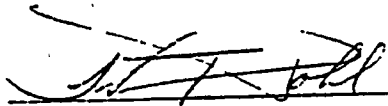
ARTICLE VI. TERM OF AGREEMENT

This agreement shall become effective as of the later of (a) the date first mentioned above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction in the premises. Upon becoming effective, this agreement shall be the sole agreement between the parties concerning the subject matter hereof and shall supersede all prior agreements, written or oral, including the agreement dated January 1, 1971, which shall terminate on the date this


agreement becomes effective. This agreement shall continue in full force and effect until terminated by either of the parties hereto giving the other party hereto ninety day's notice in writing; provided, however, that this agreement shall terminate as of the date Water Company or Service Company ceases to be an affiliate of American.

IN WITNESS WHEREOF, Service Company and Water Company have caused this agreement to be signed in their respective corporate names by their respective Presidents or Vice Presidents, and impressed with their respective corporate seals attested by their respective Secretaries or Assistant Secretaries, all as of the day and year first above written.

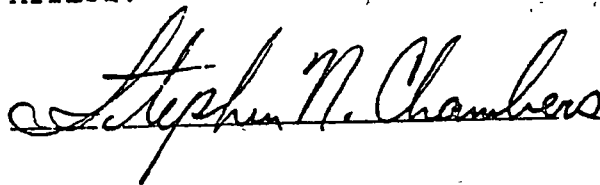
ATTEST:



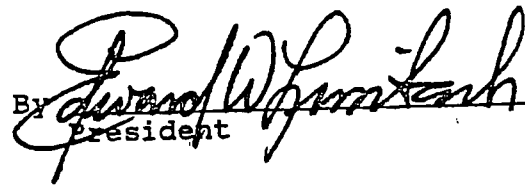
AMERICAN WATER WORKS SERVICE
COMPANY, INC.

By 
President

ATTEST:



TENNESSEE-AMERICAN WATER COMPANY

By 
President

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

- 14 Q Please provide copies of documentation of all correspondence between Tennessee-American and American Water Capital Corporation concerning short-term and long-term financing. Such documentation should include a discussion of the following:
- a TAWC's pricing for all debt issued by AWCC on behalf of TAWC, what, if any, markup in the interest rate on the debt will be AWCC be permitted to retain?
 - b A description of how AWCC is compensated for its services to TAWC's issuance of debt
 - c Does AWCC have any function related to TAWC's ability to increase equity capital? In affirmative, please explain
 - d Identify all capital issued on behalf of TAWC by AWCC and state what the interest rate is on that capital, estimate the interest rate on said debt if TAWC issued it on its own. If no such analysis has been conducted, please so state

RESPONSE:

This question is unclear as to its scope. There are numerous e-mails and memos of correspondence about daily transactions and other information not considered pertinent to this request. The Company has not attempted to locate and provide copies of every piece of correspondence because that would be burdensome, costly and unproductive. The Company is attaching the following information to this response:

- 1 Promissory Note LT Debt 6.87%, \$5,100,000 Issue – Titled "Question 14-Attachment 1".
- 2 Promissory Note LT Debt 4.75%, \$19,000,000 Issue – Titled "Question 14-Attachment 2".
- 3 Promissory Note ST Debt 2002 that was also in effect in 2003 - Titled "Question 14-Attachment 3".
- 4 Promissory Note ST Debt 2004 - Titled "Question 14-Attachment 4"
- 5 Promissory Note ST Debt 2005 - Titled "Question 14-Attachment 5".
- 6 Monthly ST Debt Average Balances & Average Interest Rate January 2003 thru November 2004 - Titled "Question 14-Attachment 6"
- 7 Analysis of Savings From Use of American Water Capital Corp to Place LT Debt – Titled "Question 14-Attachment 7".

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

- a. There is no mark up on the LT or ST Debt of TAWC placed through AWCC. AWCC's S&P rating of "A" permits TAWC to obtain LT Debt through the financial strength of AWW and RWE and the larger issues created by combining the capital requirements of the American Water subsidiaries.
- The current arrangement with AWCC provides ST Debt at the Libor rate. Prior to TAWC's use of AWCC it obtained its short-term debt through the use bank lines of credit. The last ST Rate before using AWCC was Fed Funds plus 50 basis pts. The prior arrangement also included bank fees and credit line fees which are no longer needed in the arrangement with AWCC. The Company has not performed a detailed analysis of the savings in ST interest, but it is estimated that the interest savings between the former Fed Funds + arrangement and the current Libor arrangement is between 30-40 basis points depending on the market conditions at any particular time. The savings in bank and credit line fees would vary depending on the amount of ST Debt required in any particular year.
- The current arrangement with AWCC provides LT Debt upon the request of TAWC and approval of the Board of Directors at the market rate obtained by AWCC. There is no mark-up on the obtained rate and AWCC does not retain any benefit. Please see the attached schedule titled "Question 14-attachment 7" for an analysis of the benefits and savings realized from the use of AWCC to place LT Debt.
- b. AWCC's agreements and notes with TAWC are very simple and uncomplicated. The LT Debt issued by AWCC is not subjected to the requirements of a Mortgage Indenture. The current process has eliminated the need for expensive bond counsel and placement agents that were experienced when TAWC obtained its LT Debt in the Private Placement Market. AWCC functions are performed on a part-time basis primarily by a Director of Finance and Financial Analyst employed by American Water Service Company, whose time is charged pro-rata to both the regulated and non-regulated subsidiaries who utilize the services of AWCC.
- c. No TAWC obtains equity capital directly from its parent, American Water Works when additional equity (other than retained earnings) is required.

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
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- d. Please see the Attachments 1 thru 6 to this response. The analysis of savings from the use of AWCC for LT Debt is shown on Attachment 7

PROMISSORY NOTE
FOR LONG-TERM BORROWINGS

\$5,100,000

March 29, 2001

FOR VALUE RECEIVED, Tennessee-American Water Company, a Tennessee corporation (herein "Borrower") hereby promises to pay to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of Five Million One Hundred Thousand (\$5,100,000), together with interest thereon from the date hereof until paid in full. Interest shall be charged on the unpaid outstanding principal balance hereof at a rate per annum equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal amount hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as the Lender must pay with respect to the borrowings it made in order to provide funds to the Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

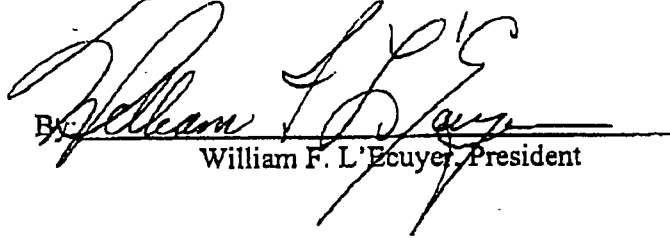
If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day
and year first written above.

TENNESSEE-AMERICAN WATER COMPANY


By William F. L'Ecuier
William F. L'Ecuier, President

PROMISSORY NOTE FOR LONG-TERM BORROWING
Interest Rate - 4.75%; Maturity - March 1, 2014

\$19,000,000.00

March 1, 2004

FOR VALUE RECEIVED, Tennessee – American Water Company, a Tennessee corporation (herein “Borrower”) hereby promises to pay to the order of American Water Capital Corp., a Delaware corporation (“Lender”), in same day funds at its offices at Voorhees, NJ or such other place as Lender may from time to time designate, the principal sum of Nineteen Million dollars (\$19,000,000.00), together with interest thereon from the date hereof until paid in full. Interest shall be charged on the unpaid outstanding principal balance hereof at a rate per annum equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal amount hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as the Lender must pay with respect to the borrowings it made in order to provide funds to the Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to

the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefore shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

Tennessee - American Water Company

By: Michael A. Miller VP Finance
Name and Title:

PROMISSORY NOTE
FOR SHORT-TERM LOANS

\$25,000,000.00

July 31, 2002

FOR VALUE RECEIVED, Tennessee-American Water Works Company, a Tennessee corporation (herein "Borrower") hereby promises to pay ON DEMAND to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of Twenty Five Million Dollars (\$25,000,000.00), (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in one or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full. Interest will be charged on the unpaid outstanding principal balance of this Note at a rate per annum equal to Lender's actual cost of funds to make such loan, such rate to change as Lender's actual cost of funds changes. Interest on borrowings shall be due and payable on the first business day of each month, commencing with the first business day of the month after the month in which this Note is executed. In the absence of manifest error, the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Borrower may borrow, repay and reborrow hereunder in amounts which do not, in the aggregate outstanding at any time, exceed the Maximum Principal Sum

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

- (a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;
- (b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or
- (c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender

hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefore shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

Tennessee-American Water Works Company

By: Michael A. Miller
Michael A. Miller, Vice President & Treasurer

PROMISSORY NOTE
FOR SHORT-TERM LOANS

\$25,000,000.00

January 1, 2004

FOR VALUE RECEIVED, Tennessee-American Water Company a Tennessee corporation (herein "Borrower") hereby promises to pay ON DEMAND to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of Twenty-five Million dollars (\$25,000,000.00), (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in one or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full. Interest will be charged on the unpaid outstanding principal balance of this Note at a rate per annum equal to Lender's actual cost of funds to make such loan, such rate to change as Lender's actual cost of funds changes. Interest on borrowings shall be due and payable on the first business day of each month, commencing with the first business day of the month after the month in which this Note is executed. In the absence of manifest error, the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Borrower may borrow, repay and reborrow hereunder in amounts which do not, in the aggregate outstanding at any time, exceed the Maximum Principal Sum

The occurrence of one or more of any of the following shall constitute an event of default hereunder

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise,

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing, or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender

hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefore shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

Tennessee-American Water Company

By Michael A. Hill Vice President Finance
Name and Title.

PROMISSORY NOTE
FOR SHORT-TERM LOANS

\$10,000,000

January 1, 2005

FOR VALUE RECEIVED, Tennessee American Water Company, a Tennessee corporation (herein "Borrower") hereby promises to pay ON DEMAND to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of Ten Million dollars (\$10,000,000.00), (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in one or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full. Interest will be charged on the unpaid outstanding principal balance of this Note at a rate per annum equal to Lender's actual cost of funds to make such loan, such rate to change as Lender's actual cost of funds changes. Interest on borrowings shall be due and payable on the first business day of each month, commencing with the first business day of the month after the month in which this Note is executed. In the absence of manifest error, the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Borrower may borrow, repay and reborrow hereunder in amounts which do not, in the aggregate outstanding at any time, exceed the Maximum Principal Sum.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender

hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefore shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

Tennessee American Water Company

By: Michael A. Miller
Michael A Miller, Treasurer

Interest Statement

In House Bank Statement									
Run Date 01/23/2003 2 25 12 PM									
From Date 12/31/2002 Thru Date 01/21/2003									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
AWK_IH Totals		-100,424,236.02	56,011,500.74	-40,495,914.30	-107,427.58	-85,016,077.14			
AZ_IH Totals		-12,517,322.59	6,208,086.44	-3,187,835.19	-10,864.32	-9,488,825.66			
CA_IH Totals		-5,478,428.71	5,621,362.53	-8,394,484.38	-8,957.86	-6,256,508.42			
CONN_IH Totals		-198,133.45	0.00	-8.57	-180.31	-198,333.33			
HA_IH Totals		205,893.50	228,314.87	-577,900.22	-235.08	-242,925.93			
HAMP_IH Totals		-360,822.70	0.00	0.00	-348.58	-361,169.28			
IL_LK_IH Totals		1,310,830.45	623,879.83	-559,385.74	1,471.02	1,376,774.56			
ILL_IH Totals		-38,768,087.61	11,298,922.51	-12,448,425.81	-38,074.88	-39,857,665.99			
IND_IH Totals		-11,853,891.07	9,048,820.08	-11,062,275.89	-13,675.74	-13,882,822.74			
IO_IH Totals		-6,128,178.17	1,344,343.39	-1,330,417.23	-6,108.78	-6,121,381.79			
JEFF_IH Totals		383,128.54	0.00	0.00	367.88	383,496.53			
KY_IH Totals		-14,648,828.05	4,021,128.88	-3,725,015.48	-14,468.26	-14,367,182.78			
LI_IH Totals		-8,736,975.02	1,985,222.12	-1,471,292.17	-8,545.36	-8,231,590.43			
MASS_IH Totals		-563,246.55	404.40	0.00	-540.60	-563,382.75			
MD_IH Totals		-364,677.40	148,885.21	-257,415.40	-474.12	-472,801.71			
MI_IH Totals		150,898.17	138,680.51	-118,340.77	156.78	171,394.70			
MO_IH Totals		-94,444,746.59	3,334,254.17	-18,754,878.18	-101,154.38	-108,466,525.00			
NJ_IH Totals		-55,435,408.81	27,108,860.57	-12,498,095.48	-53,494.80	-50,878,138.60			
NM_IH Totals		-2,072,394.86	433,316.53	-248,023.05	-2,198.08	-1,889,298.46			
NY_IH Totals		-765,251.88	0.00	0.00	-735.01	-765,986.89			
OH_IH Totals		-780,420.03	1,440,263.13	-1,987,688.67	-933.77	-1,338,769.34			
PA_IH Totals		-84,342,828.80	22,533,282.61	-24,577,984.18	-92,894.24	-86,470,425.61			
SALS_IH Totals		7,380,007.95	1,478.92	-68,571.19	7,232.86	7,520,148.54			
SC_IH Totals		12,242,990.46	11,424,876.30	-19,725,232.51	6,131.51	3,948,765.76			
STL_IH Totals		88,632,861.74	7,545,388.85	0.00	88,968.58	96,067,329.18			
TN_IH Totals		-13,468,897.30	3,015,518.86	-3,478,210.73	-14,107.70	-13,945,485.87			
VEAST_IH Totals		58,521.89	62,286.77	-38,070.20	81.37	81,828.83			
VR_IH Totals		-8,051,794.19	3,907,538.88	-3,755,747.46	-8,487.27	-8,242,470.04			
WV_IH Totals		-20,327,893.68	10,136,882.41	-10,741,325.44	-20,389.08	-20,982,885.77			
		-379,305,831.81	187,623,551.57	-177,588,490.42	-387,874.65	-369,658,605.31			
					Average Interest Rate	1.5117%			

Interest Statement

In House Bank Statement									
Run Date: 2/20/2003 1:43:03 PM									
From Date: 1/22/2003 Thru Date: 2/18/2003									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
AWK_IH Totals		-85,016,077.14	1,428.00	-3,522,710.55	-114,845.38	-89,652,207.07			
AZ_IH Totals		-9,466,925.68	8,220,843.72	-6,486,822.85	-15,622.92	-8,770,527.71			
CA_IH Totals		-4,256,508.42	8,268,120.08	-6,351,829.40	-10,029.85	-3,350,247.59			
CONN_IH Totals		-198,333.33	0.00	0.00	-232.83	-198,566.16			
HA_IH Totals		-242,928.93	894,664.46	-310,379.53	-88.78	341,258.22			
HAMP_IH Totals		-361,169.26	0.00	0.00	-423.88	-361,593.25			
IL_LK_IH Totals		1,376,774.56	477,811.00	-165,428.15	1,719.13	1,690,078.54			
ILL_IH Totals		-3,937,685.98	11,773,882.92	-9,144,555.55	-57,564.85	-17,398,203.57			
IND_IH Totals		-13,982,822.74	11,454,242.71	-9,777,125.62	-19,165.81	-12,224,871.46			
IO_IH Totals		-6,121,381.79	1,738,181.18	-1,962,087.32	-7,665.28	-5,852,333.21			
JEFF_IH Totals		383,486.53	0.00	0.00	450.20	383,946.73			
KY_IH Totals		-14,387,182.78	5,319,694.35	-5,081,372.43	-19,086.55	-14,149,947.41			
LI_IH Totals		-8,231,590.43	2,187,580.85	-5,192,724.26	-12,051.24	-11,248,784.88			
MASS_IH Totals		-563,382.75	0.00	0.00	-861.38	-564,044.13			
MD_IH Totals		-472,601.71	303,278.50	-175,592.89	-547.42	-343,462.52			
MI_IH Totals		171,384.70	171,809.29	-178,591.50	153.84	163,666.33			
MO_IH Totals		-108,466,525.00	5,163,810.97	-10,482,163.39	-136,438.39	-114,921,315.81			
NJ_IH Totals		-50,878,138.60	17,825,810.28	-13,778,485.22	-83,059.40	-46,783,872.96			
NM_IH Totals		-1,885,288.48	471,552.18	-448,587.48	-3,228.52	-1,870,564.28			
NY_IH Totals		-785,988.89	0.00	0.00	-899.22	-786,888.11			
OH_IH Totals		-1,338,759.34	2,185,923.17	-2,454,804.91	-2,144.40	-1,609,685.48			
PA_IH Totals		-88,470,425.61	28,478,635.05	-17,882,040.86	-115,061.96	-75,967,893.48			
SALS_IH Totals		7,520,148.64	0.00	0.00	8,828.18	7,528,976.82			
SC_IH Totals		3,948,765.76	12,880,036.48	-13,261,472.17	4,802.31	3,552,132.38			
STL_IH Totals		88,067,329.18	8,658,316.92	-428,888.88	118,542.25	104,414,301.46			
TN_IH Totals		-13,845,495.87	4,337,440.33	-3,428,573.20	-19,823.62	-13,051,452.38			
VEAST_IH Totals		81,928.83	100,318.21	-52,719.35	123.49	128,552.18			
VR_IH Totals		-8,242,470.04	4,577,127.81	-3,689,323.46	-10,275.78	-7,354,841.47			
WV_IH Totals		-20,652,695.77	8,590,478.84	-8,590,588.70	-24,320.12	-17,977,125.95			
		-369,658,605.31	144,283,586.17	-120,449,663.78	-494,730.39	-346,319,413.31			
				Average Interest Rate		1.5093%			

Interest Statement

In House Bank Statement									
Interest Statement									
From Date: 2/19/2003 Thru Date: 3/25/2003									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
AWK_IH Totals		-88,652,207.07	23,423,061.00	-7,640,877.00	-182,988.45	-73,033,022.52			
AZ_IH Totals		-8,770,527.71	5,444,064.19	-8,572,875.31	-22,485.16	-10,921,833.89			
CA_IH Totals		-3,350,247.58	10,187,589.84	-7,986,728.14	-14,507.87	-1,153,911.65			
CONN_IH Totals		-198,566.16	0.00	0.00	-291.37	-198,857.53			
HA_IH Totals		341,258.22	407,228.43	-531,748.51	-878.80	216,081.34			
HAMP_IH Totals		-361,593.25	0.00	0.00	-530.58	-362,123.83			
IL_LK_IH Totals		1,890,878.54	637,288.47	-1,108,378.46	1,532.64	1,221,321.19			
ILL_IH Totals		-37,386,209.57	15,407,667.00	-13,987,022.63	-84,984.47	-38,030,553.57			
IND_IH Totals		-12,224,871.48	16,258,844.20	-14,715,843.91	-28,251.16	-10,708,222.33			
IO_IH Totals		-6,952,833.21	2,483,169.45	-2,376,471.22	-10,875.00	-6,855,919.98			
JEFF_IH Totals		383,848.73	0.00	0.00	563.38	384,412.11			
KY_IH Totals		-14,148,947.41	8,585,185.08	-7,088,324.23	-25,918.72	-12,675,015.30			
LI_IH Totals		-11,248,784.98	3,329,877.40	-3,146,663.78	-20,647.47	-11,085,118.83			
MASS_IH Totals		-584,044.13	0.00	0.00	-827.65	-584,871.78			
MD_IH Totals		-343,462.52	318,295.67	-218,910.72	-714.62	-245,791.19			
MI_IH Totals		163,868.33	188,898.86	-224,540.82	248.78	138,471.05			
MO_IH Totals		-114,921,315.81	8,403,562.80	-18,581,732.34	-193,374.37	-123,292,859.72			
NJ_IH Totals		-46,793,872.96	23,138,680.65	-16,412,765.91	-85,213.91	-40,153,162.13			
NM_IH Totals		-1,870,564.28	650,140.49	-3,471,820.86	-15,033.18	-10,707,378.83			
NY_IH Totals		-768,888.11	0.00	0.00	-1,125.28	-768,011.40			
OH_IH Totals		-1,609,885.48	2,827,171.20	-2,357,767.37	-3,318.98	-1,143,791.81			
PA_IH Totals		-75,987,893.48	45,004,770.80	-33,443,094.75	-133,694.67	-64,539,912.10			
SALS_IH Totals		7,528,977.82	0.00	0.00	11,047.61	7,540,025.43			
SC_IH Totals		3,552,132.36	17,115,130.77	-23,661,545.18	1,617.06	-2,892,654.89			
STL_IH Totals		104,414,301.46	10,647,822.30	0.00	180,848.78	115,223,072.54			
TN_IH Totals		-13,051,452.38	5,711,848.82	-5,290,987.40	-24,835.34	-12,655,425.18			
VEAST_IH Totals		129,552.18	51,821.84	-88,583.59	63.18	112,853.61			
VR_IH Totals		-7,364,941.47	5,984,140.62	-4,652,862.28	-15,009.84	-6,048,703.07			
WV_IH Totals		-17,877,125.95	11,085,835.68	-10,327,334.50	-33,198.15	-17,247,802.81			
Grand Totals		-346,319,413.31	217,318,173.75	-187,887,095.11	-682,305.70	-317,550,640.37			
Average Interest Rate						-1.5093%			

Interest Statement									
In House Statement									
Run Date: 4/24/2003 11:19:49 AM									
From Date: 3/26/2003 Thru Date: 4/22/2003									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
AWK_IH Totals		-73,033,022.52	45,646,674.75	-31,524,539.71	-66,138.25	-58,077,025.73			
AZ_IH Totals		-10,921,833.99	6,155,488.02	-4,707,384.38	-11,243.00	-9,484,973.35			
CA_IH Totals		-1,153,911.65	8,335,483.46	-8,972,631.58	-3,708.82	-1,794,768.39			
CONN_IH Totals		-198,857.53	0.00	0.00	-222.07	-199,079.60			
HA_IH Totals		216,061.34	524,947.66	-726,641.87	37.21	15,404.24			
HAMP_IH Totals		-362,123.83	0.00	0.00	-404.39	-362,528.22			
IL_LK_IH Totals		1,221,321.19	-209,126.74	-640,578.51	605.52	372,121.46			
ILL_IH Totals		-36,030,553.57	16,347,846.39	-11,789,820.58	-38,386.05	-31,510,913.81			
IND_IH Totals		-10,709,222.33	11,887,114.94	-16,165,917.31	-17,121.85	-15,005,146.55			
IO_IH Totals		-5,855,919.98	2,049,647.06	-3,285,086.02	-7,722.79	-7,099,081.73			
JEFF_IH Totals		384,510.11	0.00	0.00	429.38	384,939.49			
KY_IH Totals		-12,675,015.30	5,580,592.76	-6,753,867.23	-15,918.63	-13,864,208.40			
LI_IH Totals		-11,086,118.83	2,474,886.30	-2,871,891.34	-13,375.20	-11,496,499.07			
MASS_IH Totals		-564,871.78	0.00	0.00	-630.79	-565,502.57			
MD_IH Totals		-245,791.19	240,976.33	-199,038.37	-323.20	-204,176.43			
MI_IH Totals		138,471.05	222,009.34	-170,746.31	156.94	189,891.02			
MO_IH Totals		-123,292,859.72	13,835,046.23	-16,845,873.07	-142,534.82	-126,446,221.38			
NJ_IH Totals		-40,153,162.13	21,764,695.16	-22,866,563.00	-45,210.75	-41,300,240.72			
NM_IH Totals		-10,707,379.83	748,620.58	-531,014.30	-12,080.34	-10,501,853.89			
NY_IH Totals		-768,011.40	0.00	0.00	-857.64	-768,869.04			
OH_IH Totals		-1,143,791.81	1,963,492.69	-1,895,246.69	-1,417.35	-1,066,962.06			
PA_IH Totals		-64,539,912.10	33,812,654.66	-54,178,540.79	-97,228.43	-85,003,026.67			
SALS_IH Totals		7,640,025.43	0.00	-46,263.00	8,392.30	7,602,164.73			
SC_IH Totals		-2,992,664.99	10,365,966.20	-15,643,715.23	-8,463.96	-8,178,877.98			
STL_IH Totals		116,223,072.54	8,809,003.12	0.00	133,805.79	124,165,881.45			
TN_IH Totals		-12,655,428.18	4,134,110.65	-4,540,355.90	-15,351.95	-13,077,022.38			
VEAST_IH Totals		112,853.61	-64,791.78	-90,336.40	-17.84	-42,292.41			
VIR_IH Totals		-6,048,703.07	5,122,181.99	-5,645,897.21	-7,824.08	-6,580,242.37			
WV_IH Totals		-17,247,802.91	10,412,223.44	-9,229,937.20	-20,307.40	-16,085,824.07			
Grand Totals		-317,550,640.37	211,059,743.20	-219,210,885.00	-383,162.26	-326,084,944.43			
				Average Interest Rate		-1.4358%			

Interest Statement

In House Bank Statement										
Run Date 5/22/2003 4:00:04 PM										
From Date 4/23/03 Thru Date 5/20/03										
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code	
AWK_IH Totals		-58,077,025.73	14,123,262.66	-86,994,456.77	-146,016.14	-131,094,233.78				
AZ_IH Totals		-9,484,973.35	4,407,472.37	-6,020,445.90	-21,568.16	-10,119,615.04				
CA_IH Totals		-1,794,768.39	7,629,536.22	-9,478,907.70	-8,819.58	-3,550,959.45				
CONN_IH Totals		-199,079.60	0.00	0.00	-220.28	-199,299.88				
HA_IH Totals		15,404.24	210,266.91	-421,019.71	-611.07	-195,959.63				
HAMP_IH Totals		-362,528.22	0.00	0.00	-401.13	-362,929.35				
IL_LK_IH Totals		372,121.46	2,094,845.48	-437,895.64	3,552.84	2,032,524.14				
ILL_IH Totals		-31,510,913.81	8,700,604.49	-11,334,694.93	-49,959.31	-33,194,973.56				
IND_IH Totals		-15,006,146.55	11,735,303.12	-10,324,855.87	-19,563.63	-13,614,262.93				
IO_IH Totals		-7,099,081.73	1,667,725.44	-1,574,732.12	-8,873.11	-7,014,860.52				
JEFF_IH Totals		384,839.49	0.00	0.00	425.93	385,365.42				
KY_IH Totals		-13,864,208.40	5,761,749.01	-5,380,744.55	-17,909.03	-13,481,112.97				
LI_IH Totals		-11,496,489.07	2,267,813.91	-4,808,323.88	-16,279.40	-14,052,288.44				
MASS_IH Totals		-565,502.57	0.00	0.00	-625.72	-566,128.29				
MD_IH Totals		-204,176.43	276,553.59	-146,553.30	-286.34	-74,462.48				
MI_IH Totals		189,891.02	166,481.24	-210,485.90	172.72	146,059.08				
MO_IH Totals		-126,446,221.38	2,373,249.82	-15,009,840.09	-164,621.74	-139,236,433.39				
NJ_IH Totals		-41,300,240.72	17,893,067.58	-37,575,258.71	-66,184.95	-61,058,996.80				
NM_IH Totals		-10,501,853.89	689,259.79	-524,063.43	-13,224.28	-10,369,871.81				
NY_IH Totals		-768,869.04	0.00	0.00	-850.74	-769,719.78				
OH_IH Totals		-1,066,962.06	2,162,414.24	-1,496,994.27	-1,295.34	-404,837.43				
PA_IH Totals		-85,003,026.67	28,265,037.04	-30,870,019.92	-129,476.81	-87,747,486.36				
SALS_IH Totals		7,502,154.73	0.00	-500.00	8,300.85	7,509,955.58				
SC_IH Totals		-8,178,877.98	24,681,144.21	-12,140,041.65	10,443.68	4,372,668.24				
STL_IH Totals		124,165,881.45	9,308,981.55	0.00	142,101.15	133,616,964.15				
TN_IH Totals		-13,077,022.38	4,104,850.52	-5,701,462.42	-18,451.52	-14,682,085.80				
VEAST_IH Totals		-42,292.41	290,878.59	-50,549.90	300.55	198,336.83				
VIR_IH Totals		-6,580,242.37	4,933,835.24	-11,754,790.39	-15,171.84	-13,416,369.36				
WY_IH Totals		-16,065,824.07	8,118,526.80	-9,350,539.62	-21,344.16	-16,339,181.03				
Grand Totals		-326,084,944.43	162,842,881.02	-259,606,168.67	-545,566.58	-423,393,796.66				
				Average Interest Rate		1.4226%				

Interest Statement

In House Bank Statement									
Run Date 6/26/2003 2:02:57 PM									
From Date 5/21/2003 Thru Date 6/24/2003									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
AWK_IH Totals		-131,094,235.78	27,078,277.74	-4,099,849.65	-218,632.17	-108,335,238.86			
AZ_IH Totals		-10,119,615.04	5,993,963.93	-5,713,137.22	-21,695.34	-9,860,483.67			
CA_IH Totals		-3,650,959.45	10,130,068.64	-9,798,999.83	-14,857.54	-3,332,749.98			
CONN_IH Totals		-199,299.88	0.00	0.00	-288.05	-199,587.83			
HA_IH Totals		-194,959.63	825,795.74	-485,094.98	-920.09	133,821.08			
HAMP_IH Totals		-362,929.35	0.00	0.00	-488.13	-363,417.48			
IL_LK_IH Totals		2,032,624.14	714,830.38	-228,582.36	2,353.30	2,520,225.46			
IL_LK_IH Totals		-33,194,973.56	14,084,898.66	-15,173,968.10	-55,216.49	-34,339,255.49			
IND_IH Totals		-13,614,362.93	14,578,964.27	-17,499,057.47	-27,215.57	-16,561,555.70			
IO_IH Totals		-7,014,860.52	2,259,818.57	-1,887,845.71	-10,988.26	-6,654,086.92			
JEFF_IH Totals		385,385.42	0.00	0.00	518.31	385,903.73			
KY_IH Totals		-13,481,112.97	7,888,317.89	-9,791,555.95	-24,436.05	-15,408,787.18			
LI_IH Totals		-14,052,289.44	2,688,284.81	-2,197,208.83	-22,733.14	-13,585,945.60			
MASS_IH Totals		-568,128.29	0.00	0.00	-751.43	-568,889.72			
MD_IH Totals		-74,462.48	308,108.50	-248,888.80	-262.15	-15,605.93			
MI_IH Totals		148,059.08	228,123.68	-221,468.38	186.56	150,900.94			
MO_IH Totals		-139,238,433.39	703,244.74	-15,181,218.82	-211,187.00	-153,925,574.47			
NJ_IH Totals		-81,059,598.80	31,701,892.08	-20,659,010.06	-98,317.46	-50,111,832.23			
NM_IH Totals		-10,389,871.91	883,476.56	-636,649.47	-17,242.68	-10,134,287.38			
NY_IH Totals		-769,719.78	0.00	0.00	-1,035.25	-770,755.03			
OH_IH Totals		-404,837.43	2,598,977.57	-3,391,303.94	-1,869.43	-1,201,133.23			
PA_IH Totals		-87,747,488.36	44,875,010.02	-38,774,120.24	-135,595.23	-82,982,191.81			
SALS_IH Totals		7,509,955.98	0.00	-7,509,955.98	0.00	(0.00)			
SC_IH Totals		4,372,668.24	10,493,223.93	-16,582,052.33	993.34	-1,713,186.82			
STL_IH Totals		133,616,964.15	16,167,082.87	0.00	180,195.41	149,974,242.23			
TN_IH Totals		-14,692,085.80	5,200,357.30	-13,910,288.22	-33,415.00	-23,435,512.72			
TX_IH Totals		0.00	0.00	-36,708.60	-11.88	-36,720.28			
VEAST_IH Totals		198,338.83	69,739.57	-80,037.12	148.75	188,188.01			
VR_IH Totals		-13,416,369.36	5,245,978.08	-6,340,578.65	-22,892.30	-14,533,863.25			
WV_IH Totals		-16,338,181.09	10,036,249.73	-11,721,486.20	-28,813.54	-18,055,231.06			
Grand Totals		-423,393,796.66	214,566,302.87	-208,182,948.19	-753,253.33	-412,773,695.31			
Average Interest Rate						1.3834%			

Interest

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In House Bank Statement									
Run Date 8/21/2003 1 25 56 PM									
From Date 7/23/2003 Thru Date 8/18/2003									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
ANK_IH Totals		-168,864,547.01	7,515,586.27	-20,641,616.87	-288,713.72	-180,258,281.13			
AZ_IH Totals		-16,649,897.81	7,707,208.48	-6,366,838.68	-38,154.27	-15,346,680.28			
CA_IH Totals		-1,689,623.90	24,738,738.60	-8,048,275.94	-17,294.11	14,883,544.65			
CONN_IH Totals		-198,768.97	0.00	0.00	-183.34	-199,952.31			
HA_IH Totals		-633,733.80	1,247,018.32	-431,690.04	-2,508.99	176,785.89			
HAMP_IH Totals		-353,767.19	0.00	0.00	-333.87	-354,101.06			
IL_LK_IH Totals		2,473,115.21	923,014.02	-3,892.50	9.22	3,392,245.95			
ILL_IH Totals		-34,050,923.93	13,215,515.42	-11,400,987.61	-82,862.36	-32,239,438.38			
IND_IH Totals		-17,938,176.02	12,683,447.58	-8,387,393.09	-37,827.25	-14,669,948.78			
IO_IH Totals		-6,351,897.87	1,720,688.39	-1,747,321.26	-9,910.81	-6,386,521.55			
JEFF_IH Totals		388,255.05	0.00	0.00	354.51	388,609.56			
KY_IH Totals		-14,815,872.36	8,972,163.89	-5,816,152.11	-26,257.76	-13,666,128.34			
LI_IH Totals		-13,585,785.81	2,838,333.95	-4,984,252.66	-23,589.94	-15,555,394.46			
MASS_IH Totals		-567,435.22	0.00	0.00	-520.81	-567,956.03			
MD_IH Totals		-2,034,050.55	336,951.46	-128,797.91	-2,348.93	-1,825,255.93			
MI_IH Totals		224,384.37	156,886.41	-192,588.33	157.05	188,833.50			
MO_IH Totals		-168,613,978.77	758,388.30	-13,480,028.28	-184,877.23	-179,530,493.98			
NJ_IH Totals		-46,993,139.84	25,042,468.17	-24,138,360.76	-87,375.68	-46,177,408.20			
NM_IH Totals		-10,163,032.05	819,457.98	-503,793.65	-17,893.85	-9,885,061.57			
NY_IH Totals		-771,498.71	0.00	0.00	-708.10	-772,206.81			
OH_IH Totals		-878,196.02	2,006,627.32	-1,872,289.84	-3,059.76	-747,928.30			
PA_IH Totals		-80,115,801.45	32,471,224.68	-23,837,085.83	-158,264.88	-71,687,927.59			
SC_IH Totals		1,914,590.03	5,712,593.43	-14,480,783.87	-4,023.03	-8,957,603.44			
STL_IH Totals		164,151,937.36	13,867,346.62	0.00	157,558.44	178,178,845.42			
TN_IH Totals		-23,294,290.89	4,633,396.15	-5,195,030.49	-35,820.41	-23,991,745.64			
TX_IH Totals		-251,372.42	2,135.82	-483,164.31	-604.16	-733,005.07			
VEABT_IH Totals		208,101.14	75,398.39	-43,929.83	-83.80	240,585.80			
VIR_IH Totals		-14,112,038.32	5,334,530.34	-4,643,549.71	-22,481.38	-13,443,549.07			
WV_IH Totals		-17,390,360.93	8,341,177.11	-8,675,046.16	-29,686.74	-15,753,916.72			
		-467,170,795.48	178,880,909.30	-164,504,045.62	-886,114.97	-453,680,046.77			
				Average Interest Rate		1.1801%			

Interest Statement

In House Bank Statement									
Run Date 8/25/2003 3:24:38 PM									
From Date 8/20/2003 Thru Date 8/23/2003									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
AWK_IH Totals		-180,258,291.13	32,773,912.87	-4,618,694.17	-228,646.24	-189,330,718.87			
AZ_IH Totals		-15,348,880.28	7,073,788.51	-6,728,116.83	-21,196.05	-15,023,208.65			
CA_IH Totals		14,883,544.65	12,882,148.98	-3,548,974.02	17,464.69	18,334,185.28			
CONN_IH Totals		-188,843.31	199,992.59	0.00	-48.28	0.00			
HA_IH Totals		178,785.89	198,318.17	-651,800.06	-195.87	-273,891.87			
HAMP_IH Totals		-364,101.08	364,190.80	0.00	-88.74	0.00			
IL_LK_IH Totals		3,392,245.85	787,648.93	-4,004,077.63	3,488.68	158,314.83			
ILL_IH Totals		-32,289,438.38	15,973,843.63	-15,578,212.46	-40,623.32	-32,044,430.53			
IND_IH Totals		-14,669,948.78	17,809,955.18	-16,876,963.04	-18,384.24	-15,555,350.88			
IO_IH Totals		-6,388,521.55	5,475,155.67	-3,287,497.74	-8,752.45	-4,217,616.07			
JEFF_IH Totals		388,608.56	0.00	-386,609.58	0.00	(0.00)			
KY_IH Totals		-13,686,126.34	8,240,983.72	-8,932,156.82	-17,214.40	-14,384,515.84			
LI_IH Totals		-15,955,394.46	4,187,740.40	-2,295,658.76	-18,185.24	-14,041,498.06			
MASS_IH Totals		-567,956.03	285,879.61	-100.00	-403.84	-282,780.36			
MD_IH Totals		-1,828,255.83	315,575.18	-421,338.85	-2,173.83	-1,936,184.63			
MI_IH Totals		189,839.50	226,864.83	-288,308.01	197.31	116,593.63			
MO_IH Totals		-178,530,493.88	201,251,555.09	-23,093,862.50	-3,313.39	-1,376,114.78			
NJ_IH Totals		-46,177,408.20	30,626,371.36	-24,873,938.33	-51,433.30	-40,378,409.47			
NH_IH Totals		-8,865,081.57	1,105,577.04	-1,297,860.08	-12,178.16	-10,088,523.77			
NY_IH Totals		-772,204.81	0.00	0.00	-912.08	-773,116.90			
OH_IH Totals		-747,828.30	2,823,101.79	-2,280,711.43	-380.57	-205,818.51			
PA_IH Totals		-71,687,927.58	40,288,233.39	-50,487,129.87	-96,268.86	-82,013,081.03			
SC_IH Totals		-8,857,603.44	14,296,318.86	-12,827,674.78	-11,527.38	-5,600,486.82			
STL_IH Totals		178,176,845.42	0.00	-178,176,845.42	0.00	(0.00)			
TN_IH Totals		-23,991,745.64	5,972,454.15	-4,655,836.61	-28,406.57	-23,003,534.57			
TX_IH Totals		-733,005.07	1,407,778.94	-163,280.88	248.16	511,738.04			
VEAST_IH Totals		240,585.80	88,888.72	-104,821.63	278.87	234,839.88			
VR_IH Totals		-13,443,549.07	4,807,559.89	-5,470,431.78	-16,184.20	-14,022,605.08			
WV_IH Totals		-15,753,816.72	11,255,810.26	-11,844,403.63	-18,381.51	-16,362,081.60			
		-453,680,046.77	420,290,266.44	-425,687,507.07	-671,226.02	-459,548,523.42			
				Average Interest Rate		1.2017%			

Interest Statement

In House Bank Statement						
Run Date: 10/23/2003 1 22 57 PM						
From Date: 9/24/2003 Thru Date: 10/21/2003						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-189,330,718.87	7,837,468.67	-37,881,028.35	-246,466.07	-219,620,742.62
AZ_IH Totals		-15,025,206.65	5,433,134.73	-5,204,285.28	-26,727.62	-14,823,084.83
CA_IH Totals		18,334,185.28	10,601,002.27	-10,061,645.28	3,833.74	18,877,376.00
CONN_IH Totals		0.00	0.00	0.00	0.00	0.00
HA_IH Totals		-273,991.97	710,901.45	-431,828.23	-1,172.34	3,908.91
HAMP_IH Totals		0.00	0.00	0.00	0.00	0.00
IL_LK_IH Totals		159,314.83	1,113,471.22	-570,534.28	-391.24	701,860.52
ILL_IH Totals		-32,044,430.53	14,843,468.95	-10,949,096.33	-39,493.09	-28,189,551.00
IND_IH Totals		-13,555,350.88	20,989,423.00	-11,704,411.98	-18,017.67	-4,288,357.53
IO_IH Totals		-4,217,616.07	2,606,784.45	-4,632,172.13	-7,268.18	-6,250,271.93
JEFF_IH Totals		(0.00)	0.00	0.00	0.00	(0.00)
KY_IH Totals		-14,394,516.84	6,678,571.22	-6,789,542.18	-19,635.16	-14,525,121.96
LI_IH Totals		-14,041,498.06	2,870,477.63	-1,410,638.77	-17,380.28	-12,598,039.47
MASS_IH Totals		-282,780.36	0.00	0.00	-262.54	-283,042.90
MD_IH Totals		-1,936,194.63	370,709.97	-184,788.35	-1,990.85	-1,752,263.86
MI_IH Totals		116,593.63	176,290.48	-93,342.12	154.02	199,696.01
MO_IH Totals		-1,376,114.78	20,234,688.34	-14,336,561.01	-15,405.40	4,506,607.15
NJ_IH Totals		-40,378,409.47	22,675,675.60	-14,900,240.94	-53,566.43	-32,654,541.24
NM_IH Totals		-10,069,623.77	1,189,202.32	-458,920.68	-12,760.93	-9,352,003.06
NY_IH Totals		-773,116.90	0.00	0.00	-717.79	-773,834.69
OH_IH Totals		-205,918.51	2,143,217.73	-1,929,761.89	-1,089.11	6,448.22
PA_IH Totals		-82,013,091.03	51,280,041.50	-28,251,154.52	-94,235.28	-59,078,439.34
SC_IH Totals		-5,600,486.62	10,728,632.83	-14,428,661.17	-7,756.26	-9,308,271.22
STL_IH Totals		(0.00)	0.00	0.00	0.00	(0.00)
TN_IH Totals		-23,003,534.57	5,424,364.26	-4,912,509.44	-28,043.27	-22,519,723.02
TX_IH Totals		511,739.04	1,950.35	-219,923.12	351.65	294,117.92
VEAST_IH Totals		234,839.96	80,490.10	-39,226.51	111.94	276,215.49
VIR_IH Totals		-14,022,605.06	5,501,888.28	-3,737,081.50	-17,026.36	-12,274,824.63
WV_IH Totals		-16,362,091.60	8,653,956.12	-8,006,877.42	-22,140.75	-15,737,153.65
		-459,548,523.42	202,145,811.47	-181,134,229.51	-627,095.27	-439,164,036.73
				Average Interest Rate		1.1937%

Interest Statement

In House Bank Statement						
Run Date 11/20/2003 2.33 21 PM						
From Date: 10/22/2003 Thru Date: 11/19/2003						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-219,620,742.62	1,723,934.57	-35,120,475.25	-229,079.79	-253,246,363.09
AZ_IH Totals		-14,823,084.83	5,937,949.89	-13,359,567.07	-26,178.44	-22,270,880.45
CA_IH Totals		18,877,376.00	10,317,899.11	-14,223,262.11	11,101.17	14,983,114.17
HA_IH Totals		3,908.91	290,259.68	-284,093.65	-326.99	9,747.95
IL_LK_IH Totals		701,860.52	815,837.00	-48,259.98	748.11	1,470,185.65
ILL_IH Totals		-28,189,551.00	13,272,890.67	-14,192,583.55	-34,536.44	-29,143,780.32
IND_IH Totals		-4,288,357.53	14,335,136.14	-17,076,306.06	-8,145.62	-7,037,673.07
IO_IH Totals		-6,250,271.93	1,893,884.76	-1,376,968.15	-6,047.65	-5,739,402.97
KY_IH Totals		-14,525,121.96	6,138,414.87	-6,524,144.48	-15,515.48	-14,926,367.05
LI_IH Totals		-12,599,039.47	3,039,637.67	-4,601,705.26	-12,664.35	-14,173,771.41
MASS_IH Totals		-283,042.90	0.00	0.00	-253.65	-283,296.55
MD_IH Totals		-1,752,263.86	314,144.27	-380,327.06	-1,765.27	-1,820,211.92
MI_IH Totals		199,696.01	168,879.19	-162,697.41	173.97	206,051.76
MO_IH Totals		4,506,607.15	15,314,433.37	-14,090,496.93	445.68	5,730,989.27
NJ_IH Totals		-32,654,541.24	21,437,532.55	-30,048,831.19	-38,531.99	-41,304,371.87
NM_IH Totals		-9,352,003.06	2,778,546.88	-1,208,223.99	-8,792.09	-7,790,472.26
NY_IH Totals		-773,834.69	0.00	0.00	-696.34	-774,531.03
OH_IH Totals		6,448.22	2,087,901.61	-2,594,025.10	-356.05	-500,031.32
PA_IH Totals		-59,078,439.34	33,989,075.77	-34,471,662.48	-77,237.92	-59,638,263.97
SC_IH Totals		-9,308,271.22	12,253,403.59	-11,872,629.82	-10,543.60	-8,938,041.05
TN_IH Totals		-22,519,723.02	4,878,095.73	-2,633,321.27	-21,966.41	-20,296,914.97
TX_IH Totals		294,117.92	303.89	-129,389.18	212.44	165,245.07
VEAST_IH Totals		276,215.49	71,511.29	-61,087.18	209.69	286,949.29
VIR_IH Totals		-12,274,824.63	4,783,642.69	-5,604,002.32	-13,335.26	-13,108,519.52
WV_IH Totals		-15,737,153.65	8,176,331.68	-9,104,880.68	-16,439.00	-16,682,141.65
		-439,164,036.73	164,019,746.87	-219,168,940.17	-509,521.28	-494,822,751.31
				Weighted Avg Rate		1.1617%

Page 1

Int Stmt 12-01 thru 12-31

In House Bank Statement						
Run Date: 1/29/2004 2:58:46 PM						
From Date: 12/10/03 Thru Date: 12/31/03						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-107,767,194.32	66,553,481.28	-49,321,938.97	-69,443.28	-90,605,095.79
AZ_IH Totals		-15,343,247.94	4,673,994.13	-6,051,033.03	-12,800.59	-16,733,087.43
CA_IH Totals		8,890,301.66	7,345,120.10	-9,828,193.94	5,482.27	6,412,710.08
HA_IH Totals		88,610.30	144,432.28	-773,433.88	-101.08	-540,492.38
IL_LK_IH Totals		1,383,257.43	1,366,023.34	-802,800.60	1,766.87	1,848,247.04
ILL_IH Totals		-36,119,776.98	9,901,514.45	-10,097,506.38	-27,878.61	-36,343,647.52
IND_IH Totals		2,885,825.71	10,162,910.59	-12,645,841.93	11.28	392,908.65
IO_IH Totals		-6,889,711.44	1,647,302.37	-2,142,788.44	-5,644.46	-7,390,841.96
KY_IH Totals		-17,076,366.15	5,613,605.76	-6,615,066.84	-13,431.51	-18,091,358.74
LI_IH Totals		-12,508,891.51	1,917,478.35	-2,498,766.16	-9,656.34	-13,099,835.65
MD_IH Totals		-2,082,746.84	318,547.76	-167,567.55	-1,535.78	-1,933,302.19
MI_IH Totals		66,747.87	149,072.29	-137,702.74	47.33	78,164.75
MO_IH Totals		-1,885,633.20	10,421,145.68	-17,796,138.31	-5,860.43	-9,266,486.26
NJ_IH Totals		-51,994,648.74	15,079,589.86	-18,719,208.45	-42,386.82	-55,676,654.15
NM_IH Totals		2,523,813.01	346,576.58	-933,354.74	1,511.19	1,938,546.04
OH_IH Totals		-432,406.57	1,594,797.84	-1,171,304.22	-272.22	-9,185.17
PA_IH Totals		-89,548,725.68	23,159,413.92	-40,936,420.63	-78,379.50	-107,404,111.89
SC_IH Totals		3,596,614.00	14,065,104.69	-13,020,957.69	3,478.06	4,644,239.06
TN_IH Totals		-22,638,956.60	3,536,856.69	-5,046,613.90	-17,371.79	-24,166,084.70
TX_IH Totals		64,370.09	0.00	-196,820.60	-47.17	-132,497.58
VEAST_IH Totals		223,567.76	59,443.27	-84,868.72	143.93	188,286.24
VIR_IH Totals		-14,312,789.70	4,156,517.01	-4,824,872.98	-11,167.42	-14,992,293.09
WV_IH Totals		-18,859,696.18	6,489,929.91	-7,653,238.76	-15,163.47	-20,038,168.50
		(\$377,737,660.33)	\$188,692,758.06	(\$211,466,439.36)	(\$298,699.51)	(\$400,810,041.14)
					Weighted Avg Rate	1.2127%

Int Stmt 1 - thru 1-27

In House Bank Statement						
Run Date: 1/29/2004 3:00:39 PM						
From Date: 1/1/04 Thru Date: 1/27/04						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-90,605,095.79	6,845,024.99	-2,990,084.29	-75,509.64	-86,825,664.73
AZ_IH Totals		-16,733,087.43	4,187,947.18	-3,693,859.58	-19,746.83	-16,168,746.66
CA_IH Totals		6,412,710.08	7,010,766.21	-13,861,321.99	-545.56	-438,391.26
HA_IH Totals		-540,492.38	679,984.69	-285,407.14	-321.81	-156,236.64
IL_LK_IH Totals		1,948,247.04	0.00	-22,257.01	1,802.20	1,927,792.23
ILL_IH Totals		-36,343,647.52	12,528,819.28	-8,989,697.88	-35,276.21	-32,839,802.33
IND_IH Totals		392,908.65	11,670,186.02	-10,450,329.77	841.88	1,613,606.78
IO_IH Totals		-7,390,841.96	1,690,684.64	-1,004,811.72	-6,238.29	-6,711,207.33
KY_IH Totals		-18,091,358.74	6,194,536.22	-3,953,740.38	-14,939.79	-16,866,502.69
LI_IH Totals		-13,099,835.65	2,384,755.16	-966,366.73	-10,756.25	-11,692,203.47
MD_IH Totals		-1,933,302.19	212,928.35	-73,494.10	-1,672.21	-1,795,540.15
MI_IH Totals		78,164.75	119,296.69	-196,405.01	41.85	1,098.28
MO_IH Totals		-9,266,486.26	13,554,450.72	-20,453,528.89	-12,682.61	-16,178,247.04
NJ_IH Totals		-55,876,654.15	16,849,428.98	-13,552,207.22	-47,154.84	-52,426,587.23
NM_IH Totals		1,938,546.04	528,047.26	-355,090.77	2,134.34	2,113,636.87
OH_IH Totals		-9,185.17	1,940,732.76	-1,847,066.14	49.96	84,531.41
PA_IH Totals		-107,404,111.89	28,048,243.69	-20,302,156.22	-102,083.77	-99,760,108.19
SC_IH Totals		4,644,239.06	4,887,899.14	-13,359,356.95	-376.54	-3,827,595.29
TN_IH Totals		-24,166,084.70	4,092,871.70	-1,309,994.41	-19,528.09	-21,402,735.50
TX_IH Totals		-132,497.58	0.00	-219,845.02	-306.14	-352,648.74
VEAST_IH Totals		198,286.24	73,061.71	-38,584.23	173.75	232,927.47
VIR_IH Totals		-14,992,293.09	3,815,638.17	-3,790,649.81	-12,661.57	-14,980,066.30
WV_IH Totals		-20,038,168.50	11,285,296.28	-9,573,119.03	-16,638.96	-18,342,630.21
		(\$400,810,041.14)	\$137,600,489.84	(\$131,199,374.29)	(\$371,395.13)	(\$394,780,320.72)
				Weighted Avg Rate		1.1567%

Interest Statement

In House Bank Statement									
Run Date: 2/26/2004 11:18:28 AM									
From Date: 1/28/2004 Thru Date: 2/24/2004									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance			
AWK_IH Totals		-86,826,664.73	1,327,353.53	-7,203,980.54	-139,446.90	-92,841,738.64			
AZ_IH Totals		-16,158,746.66	6,606,634.66	-5,768,129.34	-26,382.67	-16,346,624.01			
CA_IH Totals		-438,391.26	7,768,295.86	-6,045,275.66	-18,988.82	1,265,640.12			
HA_IH Totals		-156,236.64	502,966.71	-415,740.02	-1,596.39	-70,606.34			
IL_LK_IH Totals		1,927,792.23	660,481.30	-617,946.42	1,681.02	2,072,308.13			
ILL_IH Totals		-32,839,802.33	14,184,938.01	-28,062,990.03	-79,827.63	-46,797,683.88			
IND_IH Totals		1,613,606.78	12,670,236.77	-8,507,959.42	-3,704.35	5,772,179.78			
IO_IH Totals		-6,711,207.33	1,847,790.51	-1,789,890.30	-10,741.08	-6,664,048.20			
KY_IH Totals		-16,865,502.69	6,719,483.00	-4,911,758.00	-23,595.78	-15,081,373.47			
LJ_IH Totals		-11,692,203.47	2,490,231.48	-5,535,464.25	-21,395.24	-14,758,836.48			
MD_IH Totals		-1,795,540.15	282,906.88	-110,136.12	-2,928.87	-1,625,698.26			
MI_IH Totals		1,098.28	201,043.57	-87,180.61	60.80	115,022.04			
MO_IH Totals		-16,178,247.04	13,546,058.08	-14,344,122.12	-30,434.13	-17,006,746.21			
NJ_IH Totals		-52,426,687.23	18,335,218.73	-16,514,704.76	-78,834.24	-50,684,907.50			
NM_IH Totals		2,113,636.87	403,122.51	-393,715.12	1,257.13	2,124,301.39			
OH_IH Totals		84,531.41	2,076,176.02	-3,170,819.16	-4,629.69	-1,015,742.42			
PA_IH Totals		-99,760,108.19	33,501,247.20	-27,165,233.99	-168,817.16	-93,592,912.14			
SC_IH Totals		-3,827,595.29	13,267,910.17	-22,034,022.75	-17,165.70	-12,610,873.57			
TN_IH Totals		-21,402,735.50	5,442,323.24	-6,348,063.54	-30,754.00	-22,339,229.80			
TX_IH Totals		-362,648.74	0.00	-277,108.94	-2,048.10	-631,805.78			
VEAST_IH Totals		232,927.47	55,291.74	-53,118.31	-239.95	234,860.96			
VIR_IH Totals		-14,980,066.30	5,091,454.06	-4,122,364.35	-19,927.15	-14,030,903.74			
WV_IH Totals		-18,342,630.21	9,039,432.53	-8,659,532.40	-32,831.11	-17,995,561.19			
		(\$394,780,320.72)	\$155,019,593.56	(\$172,038,956.15)	(\$711,293.91)	(\$412,510,977.22)			
				Weighted Avg Rate		1.1635%			

Interest Statement

In House Bank Statement						
Run Date: 4/1/2004 2 01:17 PM						
From Date: 2/26/2004 Thru Date: 3/30/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-92,841,738.64	69,613,759.93	-45,579,626.01	-119,680.50	-68,927,285.22
AZ_IH Totals		-16,346,624.01	7,673,350.91	-9,182,619.38	-19,799.05	-17,875,691.53
CA_IH Totals		1,265,640.12	9,971,341.03	-9,472,908.43	1,688.46	1,765,761.18
HA_IH Totals		-70,606.34	598,020.93	-585,387.80	-138.15	-58,111.36
IL_LK_IH Totals		2,072,308.13	684,176.84	-1,950,308.40	2,413.62	808,590.19
ILL_IH Totals		-46,797,683.88	18,189,131.50	-19,291,075.95	-53,067.91	-47,952,696.15
IND_IH Totals		5,772,179.78	17,260,362.73	-20,319,624.41	6,854.35	2,719,772.45
IO_IH Totals		-6,664,048.20	2,550,376.63	-2,364,703.80	-7,615.55	-6,485,992.03
KY_IH Totals		-15,081,373.47	21,327,787.23	-8,699,391.32	-3,955.96	-2,455,934.42
LL_IH Totals		-14,758,835.48	3,409,498.93	-3,546,204.20	-16,496.95	-14,912,037.70
MD_IH Totals		-1,625,698.26	381,564.07	-505,041.74	-1,859.81	-1,760,935.74
MI_IH Totals		115,022.04	201,526.55	-330,679.46	55.97	-14,074.80
MO_IH Totals		-17,006,745.21	18,652,781.75	-21,926,251.62	-21,145.03	-20,301,360.11
NJ_IH Totals		-50,684,907.50	26,989,248.05	-22,495,793.60	-53,736.15	-46,245,189.20
NM_IH Totals		2,124,301.39	855,686.12	-722,468.51	2,576.16	2,260,095.16
OH_IH Totals		-1,015,742.42	2,953,739.02	-2,601,528.17	-1,142.55	-664,674.12
PA_IH Totals		-93,592,912.14	123,054,027.65	-49,069,149.94	-26,502.55	-19,634,536.98
SC_IH Totals		-12,610,873.57	24,769,155.62	-28,182,622.79	-14,474.47	-16,038,815.21
TN_IH Totals		-22,339,229.80	24,542,605.41	-7,871,951.96	-8,338.83	-5,676,915.18
TX_IH Totals		-631,805.78	11,682.53	-197,135.90	-804.98	-818,064.13
VEAST_IH Totals		234,860.95	111,122.22	-123,664.05	287.96	222,607.08
VR_IH Totals		-14,030,903.74	16,173,786.16	-6,271,929.45	-5,804.12	-4,134,851.15
WV_IH Totals		-17,995,561.19	11,544,622.66	-13,205,992.85	-21,498.74	-19,678,430.12
		(\$412,510,977.22)	\$401,519,454.57	(\$274,496,059.75)	(\$362,186.69)	(\$285,849,769.09)
				Weighted Avg Rate		1.1680%

Interest Statement

In House Bank Statement						
Run Date: 4/29/2004 1:52:11 PM						
From Date 3/31/2004 Thru Date: 4/27/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-68,927,286.22	5,321,141.56	-18,028,433.27	-70,497.73	-81,705,074.66
AZ_IH Totals		-17,875,691.53	6,393,591.37	-5,073,551.40	-24,142.42	-16,579,793.98
CA_IH Totals		1,765,761.18	7,676,580.54	-7,993,982.53	-1,079.18	1,457,280.01
HA_IH Totals		-58,111.36	632,802.64	-436,814.86	-0.47	137,875.95
IL_LK_IH Totals		808,590.19	668,619.11	-136,830.06	1,103.74	1,341,482.98
ILL_IH Totals		-47,952,696.15	12,659,188.80	-9,368,932.31	-50,691.60	-44,813,131.26
IND_IH Totals		2,719,772.45	10,924,925.63	-10,624,402.13	1,749.61	3,021,965.56
IO_IH Totals		-6,485,992.03	1,939,681.23	-2,248,550.30	-6,814.29	-6,901,676.39
KY_IH Totals		-2,456,934.42	5,954,376.01	-4,933,439.63	-2,734.44	-1,438,732.48
LI_IH Totals		-14,912,037.70	2,079,173.92	-2,131,538.36	-14,408.56	-14,978,808.70
MD_IH Totals		-1,750,935.74	244,642.84	-93,086.80	-1,676.34	-1,601,054.94
MI_IH Totals		-14,074.80	175,939.86	-149,477.22	17.37	12,305.21
MO_IH Totals		-20,301,350.11	13,993,162.81	-13,551,255.87	-20,769.63	-19,880,222.70
NJ_IH Totals		-46,245,189.20	17,335,544.34	-20,554,881.42	-46,134.76	-49,610,661.03
NM_IH Totals		2,280,095.16	494,866.79	-581,502.42	1,880.21	2,175,339.74
OH_IH Totals		-654,674.12	1,953,453.95	-1,388,955.31	-921.01	-101,096.49
PA_IH Totals		-19,634,636.98	35,257,696.11	-27,288,335.40	-42,432.93	-11,707,610.20
SC_IH Totals		-16,038,816.21	22,303,082.27	-17,679,596.95	-10,373.38	-11,425,703.27
TN_IH Totals		-6,676,816.18	4,683,719.87	-4,501,807.59	-6,877.40	-6,600,880.30
TX_IH Totals		-818,064.13	3,056.25	-181,061.45	-1,005.62	-997,074.95
VEAST_IH Totals		222,607.08	53,640.87	-60,446.50	148.17	225,949.62
VIR_IH Totals		-4,154,851.15	5,432,432.22	-3,807,981.84	-3,724.93	-2,514,125.70
WV_IH Totals		-19,678,430.12	6,937,194.85	-20,107,526.24	-31,698.93	-32,880,358.44
		(\$285,849,769.09)	\$162,918,412.94	(\$170,902,469.86)	(\$329,979.41)	(\$294,163,805.42)
				Weighted Avg Rate		1.1503%

Interest Statement

In House Bank Statement						
Run Date 5/20/2004 3:52 10 PM						
From Date: 4/28/2004 Thru Date 5/18/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-81,705,074.66	1,710,847.01	-18,528,332.23	-76,890.20	-98,599,450.08
AZ_IH Totals		-16,579,793.98	3,602,975.56	-4,600,509.60	-14,331.91	-17,591,659.93
CA_IH Totals		1,457,280.01	6,056,225.51	-7,592,195.00	-5,402.47	-75,092.95
HA_IH Totals		137,875.95	363,636.33	-325,660.53	-451.45	175,400.30
IL_LK_IH Totals		1,341,482.98	729,316.85	-580,192.08	973.03	1,491,580.78
ILL_IH Totals		-44,813,131.26	9,794,717.98	-8,368,094.40	-38,769.22	-43,425,276.90
IND_IH Totals		3,021,965.56	9,837,321.56	-8,532,408.60	364.60	4,327,243.12
IO_IH Totals		-6,901,675.39	1,227,623.50	-1,243,972.59	-5,939.55	-6,923,964.03
KY_IH Totals		-1,438,732.48	3,814,721.86	-5,229,558.60	-4,185.56	-2,857,754.78
LI_IH Totals		-14,978,808.70	1,757,619.15	-2,122,704.11	-13,003.02	-15,356,896.68
MD_IH Totals		-1,601,054.94	197,141.13	-109,501.43	-1,471.59	-1,514,985.93
MI_IH Totals		12,305.21	124,722.48	-82,570.94	28.14	54,484.89
MO_IH Totals		-19,880,222.70	9,263,853.59	-13,599,180.79	-19,746.25	-24,235,296.16
NJ_IH Totals		-49,610,661.03	15,339,473.87	-35,104,425.65	-50,092.16	-69,325,704.97
NM_IH Totals		2,175,339.74	419,142.73	-455,483.08	1,198.67	2,140,198.06
OH_IH Totals		-101,096.49	1,380,091.89	-1,715,282.50	-1,496.95	-437,784.05
PA_IH Totals		-11,707,510.20	24,105,916.37	-25,376,090.66	-29,595.99	-13,007,380.38
SC_IH Totals		-11,425,703.27	23,888,804.32	-16,810,554.80	-9,431.67	-4,386,885.42
TN_IH Totals		-5,500,880.30	3,334,739.91	-2,891,264.99	-7,109.79	-5,064,515.17
TX_IH Totals		-937,074.95	0.00	-141,170.16	-1,222.45	-1,139,467.56
VEAST_IH Totals		225,949.62	77,698.99	-50,943.66	10.32	252,715.27
VIR_IH Totals		-2,514,125.70	3,741,388.71	-3,708,791.20	-4,132.40	-2,485,660.59
WV_IH Totals		-32,880,358.44	6,459,788.88	-7,065,444.57	-27,368.89	-33,513,383.02
		(\$294,163,805.42)	\$127,207,768.18	(\$164,234,433.17)	(\$309,066.76)	(\$331,499,537.17)
				Weighted Avg Rate		1.1259%

Interest Statement

In House Bank Statement									
Run Date: 6/24/2004 11:25:13 AM									
From Date 5/19/2004 Thru Date 6/22/2004									
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance	Memo	Type	Description Code
AWK_IH Totals		-86,599,450.08	6,972,353.34	-36,033,997.76	-121,645.36	-129,782,739.85			
AZ_IH Totals		-17,591,659.93	9,724,576.05	-9,507,956.95	-24,635.06	-17,399,675.89			
CA_IH Totals		-75,082.95	12,113,315.44	-9,537,160.24	-468.21	2,500,596.04			
HA_IH Totals		175,400.30	730,797.93	-704,848.69	221.53	201,571.07			
IL_IH Totals		1,491,580.78	384,157.48	-772,232.47	1,305.71	1,104,811.50			
ILL_IH Totals		-43,425,276.90	17,296,868.59	-18,115,503.23	-52,792.81	-44,296,704.35			
IND_IH Totals		4,327,243.12	15,057,055.24	-14,332,389.91	4,141.22	5,056,049.67			
IO_IH Totals		-6,923,964.03	2,845,511.14	-1,859,005.31	-7,452.27	-5,943,910.47			
KY_IH Totals		-2,857,754.78	7,525,362.58	-8,561,761.98	-3,939.69	-3,898,093.77			
LI_IH Totals		-15,356,896.68	2,586,770.73	-6,945,604.14	-21,082.82	-19,636,812.61			
MD_IH Totals		-1,514,986.93	343,750.56	-191,809.21	-1,749.95	-1,364,795.53			
MI_IH Totals		64,484.89	234,816.72	-269,065.95	47.45	20,283.21			
MO_IH Totals		-24,235,296.15	18,151,366.06	-19,040,804.89	-29,479.48	-25,154,222.46			
NJ_IH Totals		-63,325,704.97	26,774,272.36	-15,332,841.35	-75,092.64	-57,959,366.60			
NM_IH Totals		2,140,198.06	812,739.14	-657,880.79	2,367.72	2,257,424.13			
OH_IH Totals		-437,784.05	3,066,908.73	-2,536,269.53	58.42	94,913.67			
PA_IH Totals		-13,007,380.38	42,587,262.03	-35,163,300.52	-13,286.12	-5,596,714.99			
SC_IH Totals		-4,386,885.42	17,936,700.37	-25,862,474.98	-7,590.19	-12,320,250.22			
TN_IH Totals		-5,064,515.17	5,914,906.86	-7,083,037.49	-6,944.78	-6,239,590.58			
TX_IH Totals		-1,139,467.56	1,639,304.87	-214,704.80	-1,111.47	284,021.04			
VEAST_IH Totals		252,715.27	80,077.00	-83,791.41	252.43	249,253.29			
VIR_IH Totals		-2,485,660.59	5,497,021.00	-5,902,244.64	-3,826.11	-2,894,710.34			
WV_IH Totals		-33,513,383.02	9,952,610.22	-11,627,222.44	-40,274.30	-35,228,269.54			
		(\$331,499,537.17)	\$207,231,486.44	(\$230,276,908.58)	(\$402,374.37)	(\$354,946,933.68)			
				Weighted Avg Rate		1.1757%			

Interest Statement

In House Bank Statement						
Run Date: 7/22/2004 5:53:26 PM						
From Date: 6/23/2004 Thru Date: 7/20/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-128,782,739.85	18,527,890.18	-22,542,670.23	-143,237.04	-132,940,766.94
AZ_IH Totals		-17,399,675.89	7,947,042.63	-11,149,071.70	-21,620.57	-20,623,325.53
CA_IH Totals		2,500,596.04	11,661,723.99	-9,835,901.50	-1,078.00	4,325,340.53
HA_IH Totals		201,571.07	522,807.22	-806,474.93	-506.85	-82,603.49
IL_LK_IH Totals		1,104,811.50	1,615,947.96	-944,438.71	1,509.04	1,777,829.79
ILL_IH Totals		-44,296,704.35	15,491,424.92	-14,738,581.98	-50,863.12	-43,594,724.53
IND_IH Totals		5,056,049.67	14,218,021.19	-18,567,765.20	1,096.65	707,402.31
IO_IH Totals		-5,943,910.47	1,974,457.84	-2,277,186.63	-8,042.25	-6,254,681.51
KY_IH Totals		-3,898,093.77	6,668,607.79	-5,579,120.70	-5,094.16	-2,813,700.84
LI_IH Totals		-19,636,812.61	2,270,995.18	-2,653,222.30	-22,279.01	-20,041,318.74
MD_IH Totals		-1,364,795.53	331,165.53	-348,079.33	-1,731.29	-1,383,440.62
MI_IH Totals		20,283.21	174,257.06	-170,099.71	-3.14	24,437.42
MO_IH Totals		-26,164,222.46	16,613,503.51	-14,985,763.02	-28,120.83	-23,554,602.80
NJ_IH Totals		-57,969,366.60	23,938,528.93	-20,435,256.70	-66,056.87	-54,522,151.24
NM_IH Totals		2,257,424.13	812,403.63	-1,076,096.74	1,916.16	1,996,647.18
OH_IH Totals		94,913.57	2,053,223.12	-3,640,219.90	-2,739.33	-1,494,822.54
PA_IH Totals		-5,596,714.99	36,242,302.68	-40,705,220.24	-22,385.31	-10,082,017.86
SC_IH Totals		-12,320,250.22	39,192,050.33	-29,658,858.38	-13,587.90	-2,800,646.17
TN_IH Totals		-6,239,590.58	4,783,087.95	-4,447,484.79	-7,744.95	-5,911,732.37
TX_IH Totals		284,021.04	0.00	-209,918.14	-120.06	73,982.84
VEAST_IH Totals		249,253.29	86,419.93	-104,880.66	154.35	230,946.91
VIR_IH Totals		-2,894,710.34	5,531,222.90	-5,178,044.47	-4,230.96	-2,545,762.87
WV_IH Totals		-35,228,269.54	12,968,202.37	-11,002,729.02	-38,485.94	-33,301,282.13
		(\$354,946,933.68)	\$223,625,286.84	(\$221,057,084.98)	(\$433,251.38)	(\$352,811,983.20)
				Weighted Avg Rate		1.3288%

Interest Statement

In House Bank Statement						
Run Date: 8/19/2004 3:43:58 PM						
From Date: 7/21/2004 Thru Date: 8/17/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-132,940,756.94	922,122.56	-11,855,718.09	-164,638.88	-144,048,991.35
AZ_IH Totals		-20,623,325.53	6,703,223.56	-5,981,239.31	-23,424.77	-19,924,766.05
CA_IH Totals		4,325,340.53	11,047,639.22	-8,148,692.95	3,381.53	7,227,668.33
HA_IH Totals		-82,603.49	669,238.58	-375,855.20	-74.54	210,705.35
IL_LK_IH Totals		1,777,829.79	1,214,430.26	-774,261.97	2,852.36	2,220,850.44
ILL_IH Totals		-43,594,724.53	15,034,711.32	-12,132,962.34	-57,641.73	-40,750,617.28
IND_IH Totals		707,402.31	14,106,925.66	-10,388,973.97	2,627.79	4,427,981.79
IO_IH Totals		-6,254,681.51	2,019,147.78	-1,667,849.83	-7,467.77	-5,910,851.33
KY_IH Totals		-2,813,700.84	8,262,509.31	-6,706,145.18	-3,486.58	-1,260,823.29
LL_IH Totals		-20,041,318.74	2,925,940.76	-6,183,339.33	-27,087.46	-23,325,804.77
MD_IH Totals		-1,383,440.62	284,201.19	-168,602.50	-1,687.26	-1,269,429.19
MI_IH Totals		24,437.42	207,672.82	-228,967.32	1.83	3,144.75
MO_IH Totals		-23,554,602.80	18,093,668.28	-13,835,421.70	-27,424.02	-18,323,780.24
NJ_IH Totals		-54,522,151.24	30,384,992.48	-26,294,380.67	-59,060.02	-50,490,599.45
NM_IH Totals		1,995,647.18	901,708.33	-647,915.29	2,221.68	2,251,661.90
OH_IH Totals		-1,494,822.54	2,227,180.11	-7,416,841.55	-5,511.57	-6,689,995.55
PA_IH Totals		-10,082,017.86	36,706,077.64	-28,231,700.39	-22,173.00	-1,629,813.61
SC_IH Totals		-2,800,646.17	19,734,291.61	-23,063,801.41	-6,247.49	-6,136,403.46
TN_IH Totals		-5,911,732.37	4,831,166.64	-2,721,809.60	-7,114.84	-3,809,490.17
TX_IH Totals		73,982.84	0.00	-182,435.26	-199.43	-108,551.85
VEAST_IH Totals		230,946.91	69,129.02	-58,987.25	217.34	241,306.02
VIR_IH Totals		-2,545,762.87	5,350,608.40	-4,964,545.57	-3,197.21	-2,162,897.25
WV_IH Totals		-33,301,282.13	9,649,149.37	-7,293,437.73	-39,001.25	-30,984,571.74
		(\$352,811,983.20)	\$191,345,734.90	(\$179,333,784.41)	(\$444,135.29)	(\$341,244,168.00)
				Weighted Avg Rate		1.4775%

Interest Statement

In House Bank Statement						
Run Date: 9/23/2004 11:07:56 AM						
From Date: 8/18/2004 Thru Date: 9/21/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-144,048,991.35	38,716,749.08	-32,929,984.89	-271,768.71	-138,533,985.87
AZ_IH Totals		-19,924,766.05	8,932,664.55	-6,352,665.33	-32,331.93	-17,377,098.76
CA_IH Totals		7,227,688.33	13,841,295.65	-13,249,459.55	288.11	7,819,792.54
HA_IH Totals		210,705.35	505,574.51	-1,195,681.22	-1,479.64	-480,881.00
IL_LK_IH Totals		2,220,850.44	1,137,894.38	-1,241,461.87	3,744.51	2,121,027.46
ILL_IH Totals		-40,750,617.28	18,973,154.69	-17,810,896.46	-73,838.29	-39,662,197.34
IND_IH Totals		4,427,981.79	17,384,706.27	-16,375,296.99	4,820.78	5,442,211.85
IO_IH Totals		-5,910,851.33	2,604,558.02	-2,537,173.76	-11,201.58	-5,854,668.65
KY_IH Totals		-1,260,823.29	8,288,738.15	-8,484,481.06	-7,602.35	-1,464,168.55
LI_IH Totals		-23,325,804.77	4,377,034.74	-2,555,941.57	-37,732.91	-21,642,444.51
MD_IH Totals		-1,269,429.19	293,631.12	-941,275.18	-2,804.77	-1,919,878.02
MI_IH Totals		3,144.75	223,946.19	-427,453.64	-218.93	-200,581.63
MO_IH Totals		-19,323,780.24	20,063,367.34	-25,778,244.64	-39,711.63	-25,078,378.17
NJ_IH Totals		-50,490,599.45	30,364,565.77	-27,391,834.71	-83,768.36	-47,601,636.75
NM_IH Totals		2,251,661.90	848,510.81	-1,635,142.82	2,060.05	1,467,089.94
OH_IH Totals		-6,689,995.66	2,696,053.83	-1,919,354.01	-11,360.27	-5,924,656.00
PA_IH Totals		-1,629,813.61	48,596,300.25	-54,460,092.12	-37,218.75	-7,530,824.23
SC_IH Totals		-5,136,403.46	19,211,111.12	-21,455,500.82	-15,707.83	-8,396,500.99
TN_IH Totals		-3,809,490.17	5,982,041.05	-5,932,127.45	-13,060.21	-3,772,636.78
TX_IH Totals		-108,651.85	50.00	-234,083.09	-1,284.80	-343,969.74
VEAST_IH Totals		241,306.02	101,300.54	-90,236.06	97.85	252,468.15
VIR_IH Totals		-2,162,897.25	6,977,641.87	-6,541,371.31	-5,805.96	-1,732,432.65
WV_IH Totals		-30,984,571.74	10,737,984.12	-11,447,316.60	-55,773.11	-31,749,677.33
		(341,244,168.00)	260,858,864.05	(260,987,075.15)	(691,648.93)	(342,064,028.03)
				Weighted Avg Rate		1.4957%

Interest Statement

In House Bank Statement						
Run Date: 10/21/2004 9:24:48 AM						
From Date: 9/22/2004 Thru Date: 10/19/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-138,533,985.87	2,359,129.52	-8,553,306.90	-199,557.93	-142,927,721.18
AZ_IH Totals		-17,377,098.76	34,309,736.54	-8,646,727.36	472.88	8,286,383.30
CA_IH Totals		7,819,792.64	11,657,331.09	-9,657,450.39	9,746.87	9,829,420.11
HA_IH Totals		-480,881.00	760,212.22	-789,421.63	-749.47	-520,839.88
IL_LK_IH Totals		2,121,027.46	1,239,086.25	-874,938.49	3,020.52	2,488,195.74
ILL_IH Totals		-39,662,197.34	14,770,892.40	-10,235,054.48	-54,154.72	-35,180,514.14
IND_IH Totals		5,442,211.85	12,757,236.58	-11,577,445.53	7,640.90	6,629,643.80
IO_IH Totals		-5,854,668.55	2,200,140.86	-2,812,400.28	-8,764.34	-6,475,692.41
KY_IH Totals		-1,464,168.55	7,144,425.96	-5,934,431.03	-1,829.32	-258,002.94
LI_IH Totals		-21,542,444.51	2,838,356.25	-2,522,838.21	-29,921.42	-21,256,847.89
MD_IH Totals		-1,919,878.02	2,244,253.80	-172,545.40	-743.14	151,087.24
MI_IH Totals		-200,581.63	80,871.20	-369,314.46	-566.25	-489,591.14
MO_IH Totals		-25,078,379.17	16,996,950.55	-11,889,813.18	-31,862.47	-20,003,104.27
NJ_IH Totals		-47,601,636.75	55,148,845.54	-14,830,489.31	-29,598.68	-7,312,879.20
NM_IH Totals		1,467,089.94	1,023,309.52	-604,631.57	2,292.63	1,888,060.52
OH_IH Totals		-5,924,656.00	7,255,541.53	-1,839,922.42	-2,801.92	-511,838.81
PA_IH Totals		-7,530,824.23	37,092,704.64	-32,059,115.78	-12,304.39	-2,509,539.76
SC_IH Totals		-8,396,500.99	15,683,425.42	-19,951,218.30	-13,528.36	-12,677,822.23
TN_IH Totals		-3,772,636.78	5,207,043.51	-4,464,883.41	-9,399.93	-3,039,876.61
TX_IH Totals		-343,969.74	718,574.10	-163,611.65	-607.81	210,384.90
VEAST_IH Totals		252,468.15	54,769.73	-39,782.79	352.71	267,807.80
VIR_IH Totals		-1,732,432.65	4,976,176.81	-4,330,924.04	-2,552.75	-1,089,732.63
WV_IH Totals		-31,749,677.33	21,659,225.05	-8,054,046.17	-32,317.55	-18,176,816.10
		(342,064,028.03)	258,168,239.07	(156,374,312.78)	(407,734.04)	(242,677,835.78)
				Weighted Avg Rate		1.7835%

Interest Statement

In House Bank Statement						
Run Date: 11/18/2004 11:52:58 AM						
From Date: 10/20/2004 Thru Date: 11/16/2004						
Account Code	Date	Opening Balance	Receipts	Disbursements	Transfers	Ending Balance
AWK_IH Totals		-142,927,721.18	636,035.13	-34,796,828.81	-294,395.46	-177,382,910.32
AZ_IH Totals		8,286,393.30	6,688,230.67	-15,288,699.20	-8,165.56	-322,250.79
CA_IH Totals		9,829,420.11	11,546,169.30	-17,323,913.59	4,923.40	4,056,599.22
HA_IH Totals		-520,839.88	295,538.47	-505,208.67	-1,504.27	-732,014.35
IL_LK_IH Totals		2,488,195.74	1,117,967.12	-901,192.55	4,134.50	2,709,104.81
ILL_IH Totals		-35,180,514.14	16,074,850.83	-15,930,588.18	-66,556.29	-35,102,807.78
IND_IH Totals		6,629,643.80	20,586,748.18	-13,487,687.91	12,792.52	13,741,496.59
IO_IH Totals		-6,475,692.41	2,244,487.84	-1,640,886.13	-11,843.87	-5,883,934.57
KY_IH Totals		-256,002.94	7,272,390.73	-5,641,492.34	-2,885.96	1,372,009.49
LI_IH Totals		-21,256,847.89	11,360,889.95	-5,053,231.43	-28,747.97	-14,977,937.34
MD_IH Totals		151,087.24	280,110.37	-113,690.26	119.26	317,626.61
MI_IH Totals		-489,591.14	565.73	-135,328.28	-1,344.77	-625,698.46
MO_IH Totals		-20,003,104.27	17,462,982.10	-12,876,660.94	-42,920.28	-15,459,703.39
NJ_IH Totals		-7,312,879.20	24,259,672.90	-28,752,188.60	-23,290.65	-11,828,685.55
NM_IH Totals		1,888,060.52	641,332.05	-996,059.05	2,379.01	1,535,712.53
OH_IH Totals		-511,838.81	2,283,783.88	-2,556,986.18	-3,000.08	-788,041.19
PA_IH Totals		-2,509,539.76	34,252,342.18	-33,113,131.09	-28,549.14	-1,398,877.81
SC_IH Totals		-12,677,922.23	24,282,694.99	-18,498,730.79	-12,290.76	-6,906,148.79
TN_IH Totals		-3,039,876.61	4,890,795.61	-3,975,302.57	-7,617.91	-2,132,001.48
TX_IH Totals		210,384.90	0.00	-352,303.34	-1,174.76	-143,093.20
VEAST_IH Totals		267,807.80	79,404.34	-41,800.38	200.91	305,612.67
VIR_IH Totals		-1,089,732.63	6,112,618.32	-5,124,944.90	-2,076.19	-104,135.40
WV_IH Totals		-18,176,816.10	9,428,034.02	-9,195,571.79	-31,630.25	-17,975,984.12
		-242,677,835.78	201,797,644.71	-226,302,426.98	-543,444.57	-267,726,062.62
				Weighted Avg Rate		1.9577%

**TENNESSEE-AMERICAN WATER COMPANY
SAVINGS ON THE COST OF LONG-TERM DEBT**

Debt Security	Date Issued	Interest Rate	Amount Issued	Term of the Loan	Basis Point Savings	Annual Interest Savings	Avoided Issuance Costs	Avoided Annual Issuance Costs	Net Annual Savings
2002	3/31/2001	6.87%	\$5,100,000	10 Years	20	\$10,200	\$0	\$10,200	\$10,200
Total Savings - 2002						\$10,200	\$0	\$10,200	\$10,200
2003									
Total Savings - 2003						\$10,200	\$0	\$10,200	\$10,200
2004	3/1/2004	4.75%	\$19,000,000	10 Years	20	\$38,000	\$142,500	\$14,250	\$52,250
Total Savings - 2004						\$48,200	\$14,250	\$14,250	\$62,450
2005	10/1/2005	6.76% Proposed	\$3,200,000	30 Years	20	\$6,400	\$24,000	\$800	\$7,200
Total Savings - 2005						\$54,600	\$15,050	\$15,050	\$69,650

**2004 YEAR END ACCRUAL
MISCELLANEOUS ACCOUNTS PAYABLE ACCRUAL
MULTI PAGE JOURNAL VOUCHER REQUEST FORM**

This form shall be used to notify the Shared Services Center to create a liability by charging a task order for work performed or services rendered but not invoiced

The account distribution for the liability account to be applied is:

Debit or Charge the Task Order and Object identified below

Credit G/L Business Unit. 234300.002 and Task Order indicated in the form below with a Type='W'

When paying invoices against these balances, charge to:

\Task Order(subledger#).Object Account*

*- The Task Order Cost analysis will be more meaningful if the accrual is detailed as if they were actual. I.e Accrue Labor to 105200, accrue Materials to 105150, etc

This entry will automatically reverse in accounting period 1 in 2005 which begins 12/13/04.

VENDOR NAME	TASK #	OBJECT	COST ESTIMATE	ANTICIPATED PAYMENT DATE
Spotts, Stevens & McCoy, Inc	50055909	105275	30,000 00	Dec-04
PayRoll	50055909	105200	12,000 00	Dec-04
Entech Engineering, Inc	50055909	105275	5,000 00	Dec-04
E Kuser, Inc	50025630	105275	5,000 00	Dec-04
E Kuser, Inc	50031100	105275	5,000 00	Dec-04

EXPLANATION

SSC Accounting The General Ledger business unit shall be from the Operations (formerly referred to as Division) or the District
The object account shall be 234300 002 The subledger or task order number shall be specific to the job

Please indicate the following

LOCATION	Wyomissing, Pennsylvania
SUBMITTED BY	Jeffery C Jessell, P E
SUBMISSION DATE	12/1/2004
CONTACT PHONE NUMBER	(610) 670 - 7789 EXT 148

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

15. Q On page 5 of Mr Miller's testimony, he projects that the \$3.2 million 2005 bond issuance will be priced at an interest rate of 6 76%. Please provide all supporting analyses or evaluations used to estimate the cost of this bond issuance

RESPONSE:

- A At page 5, questions and answers 15 and 16, and Exhibit MAM-2 of Mr Miller Direct Testimony, he fully describes how he arrived at the interest rate of 6 76% for the 2005 Long-term Debt issuance.

**Interrogatories and Requests for Production
Of Documents by the
Chattanooga Manufacturers Association (First Set)
To Tennessee-American Water Company
Rate Case No. 04-00288**

16. Q Concerning the Company's alleged and requested revenue requirement for its public fire protection system, please provide a detailed description of its cost of providing public fire protection service including capital investments, broken out by plant account, along with accumulated depreciation, and operating expenses broken out by production, transmission, distribution, customer-related. Finally, also provide a description of the normal annual volume of water used for public fire protection service.

RESPONSE

- A The cost of public fire service is summarized on the attached schedule from the cost of service study submitted in the last rate case, based on the twelve months ended July 31, 2002. An updated study was not filed in the current case; however, it is believed that the results of the 2002 study are representative of the current costs. The water usage for public fire service was estimated at approximately 100,000 gallons per day.

Tennessee-American Water Company
Analysis of Public Fire Costs

		<u>2002 Cost of Service</u>
<u>Operation and Maintenance Expenses</u>		
Source of Supply		\$ 306
Power and Pumping		20,304
Water Treatment		3,719
Transmission & Distribution		160,090
Customer Accounting		227
Administrative and General		215,819
Subtotal		<u>400,465</u>
<u>Depreciation Expense</u>		
Intangible		2,382
Source of Supply		73
Pumping Equipment		2,749
Water Treatment		1,773
Fire Hydrants		127,499
Other Transmission and Distribution		48,253
General Plant		34,030
Amortization Expense		(1,789)
Subtotal		<u>214,970</u>
Taxes Other Than Income Taxes		227,509
<u>Rate Base (OCLD)</u>		
Intangible	\$ 24,468	
Source of Supply	1,446	
Pumping Equipment	78,641	
Water Treatment	17,507	
Fire Hydrants	4,496,474	
Other Transmission and Distribution	2,504,153	
General Plant	148,873	
Other Rate Base Elements	(1,589,972)	
Subtotal	<u>\$ 5,681,590</u>	
Return and Income Taxes @	11.736%	<u>666,806</u>
Total Cost of Service		1,509,750
Less: Other Revenues		<u>(36,403)</u>
Total		<u><u>\$ 1,473,347</u></u>

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
To Tennessee-American Water Company
Rate Case No. 04-00288**

17. Q Concerning the direct testimony of TAWC witness Dr. James Vander Weide, please provide the following.
- A) A copy of all work papers and electronic spreadsheets with formulas intact
 - B) A copy of all credit reports, equity analysts reports, Dr. Vander Weide's review concerning Tennessee-American Water Company, its parent company, or American Water Capital Corporation.

RESPONSE:

- A) A copy of Dr. Vander Weide's work papers are attached
- B) Dr Vander Weide did not review credit reports or equity analysts' reports concerning Tennessee-American Water Company, its parent company, or American Water Capital Corporation

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
To Tennessee-American Water Company
Rate Case No. 04-00288**

18. Q Concerning the direct testimony of Company witness Edward L. Spitznagel, please provide all of Mr. Spitznagel's workpapers on electronic spreadsheet with formula intact concerning his projection revenue for the test period.

RESPONSE:

- A. Dr. Spritznagel's information is contained at his website <http://artsci.wustl.edu/~ed/tnam2004.zip>

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

19. Q Concerning the direct testimony of Company witness Monty L. Bishop, he states three primary increased capital expenditure projects related to (1) fire protection upgrades, (2) normal reoccurring construction programs replacing aged mains, and (3) starting phase two major tank projects that the Hill City system elevated storage tank and the East Ridge system elevated storage tank. Please briefly describe the need for the proposed capital expenditures and estimate the impact on test year rate base and depreciation expense for all the capital expenditures identified by Mr. Bishop in this testimony.

RESPONSE:

- (1) A Fire protection upgrades involves work which is done on an on-going annual basis, in the municipalities and cities served by Tennessee American Water (TAW). This work involves the installation of a predetermined number of new fire hydrants and footage of water main installations for each entity, in keeping with contractual commitments made with these cities and municipalities. The estimated impact on rate base is \$186,000 with a depreciation expense of \$4,000.
- (2) Normal reoccurring construction programs replacing aged mains These projects involve work done on an annual basis to replace water lines, primarily 4" diameter and smaller which typically are galvanized mains and a continual source of maintenance problems due to leaks and encrustation inside the lines creating flow restrictions. If possible this work is generally done in conjunction with municipal projects for street rehab and sidewalk and gutter replacement, in an effort to minimize expense and maximize available dollars. One current project, 26020303 - Riverfront Pipeline Project involves replacement of some larger mains 6" diameter and larger mains however, due to the high profile nature of this project and the massive streetscape work which has been undertaken it was determined that more infrastructure was in need of replacement than would have otherwise been done. Normally, the recurring annual project which most closely covers this type work is 26020081 Network – Replacement Renewal. The estimated impact on rate base is \$1,332,000 with a depreciation expense of \$18,000.
- (3) Starting phase of two major tank projects, Hill City and East Ridge elevated or ground level storage tanks Both of these tank projects were identified, evaluated and discussed in detail in the TAW Comprehensive Planning Study (CPS) of 2000, a copy of which has been previously furnished as an exhibit. The project need was a determination made by using a number engineering criteria including hydraulic modeling, peak day demand, finished water storage capacity for the system, growth, and ability to provide reasonable and sustained fire protection for the systems.

**Interrogatories and Requests for Production
of Documents by the
Chattanooga Manufacturers Association (First Set)
to Tennessee-American Water Company
Rate Case No. 04-00288**

involved The East Ridge tank would serve the fastest growing part of the TAW network, specifically the Hamilton Place Mall and Gunbarrel Road areas. Commercial growth in this has been at a rapid pace. The Hill City tank will serve the northernmost part of our distribution network. Demand in the area is such that we cannot isolate our White Oak tank, also serving this area, to perform inspections. Another tank serving this area is needed as explained in detail in the CPS. The estimated impact on rate base is \$1,562,000 with a depreciation expense of \$29,000.

**Interrogatories and Requests for Production
Of Documents by the
Chattanooga Manufacturers Association (First Set)
To Tennessee-American Water Company
Rate Case No. 04-00288**

20 Q Please provide copies of TAWC's responses to all other parties' data requests in this proceeding.

RESPONSE:

A Enclosed please find copies of responses previously supplied to all parties' data requests.

**Interrogatories and Requests for Production
Of Documents by the
Chattanooga Manufacturers Association (First Set)
To Tennessee-American Water Company
Rate Case No. 04-00288**

- 21 Q Please provide copies and documents, including but not limited to correspondence, drafts and supporting workpapers, related to or regarding any presentations or press packages concerning this case: all press releases and other items shown to, submitted to or provided to any individual, entity or news organization and/or, used in conjunction with any such package or presentation or presentation concerning this case

RESPONSE:

- A An email containing the requested information will be sent on Monday morning